

# **AGENDA**

## **Executive**

**Monday, 02 February 2015 AT 16:00  
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG**

### **Apologies for Absence**

To receive apologies for absence and notification of substitutions.

### **Declarations of Interest**

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

### **Public and Press**

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

## **PART A**

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

**A.1    INTER-AGENCY HOMELESSNESS STRATEGY FOR CARLISLE 2015-20    7 - 36**

(Key Decision - KD.23/14)

Pursuant to Minute Excerpt EX.05/15, the Director of Economic development to submit a report concerning the Inter-Agency Homelessness Strategy for Carlisle 2015-20. The Community Overview and Scrutiny Panel considered the matter on 15 January 2015.

(Copy Report ED.02/15 and Minute Excerpt herewith)

**A.2    ENERGY SUPPLY PARTNER    37 - 48**

(Key Decision - KD.01/15)

The Director of Economic Development to submit a report seeking approval of the tendering process to secure an Energy Supply Partner.

(Copy Report ED.07/15 herewith)

**A.3    NOTICE OF EXECUTIVE KEY DECISIONS**

(Non Key Decision)

The Notice of Executive Key Decisions, published on 31 December 2014, is submitted for information.

The Director of Local Environment was scheduled to report on the Green Box Collection Service (KD.02/15). However, the Director was granted delegated authority (Report LE.34/13) and the matter has therefore been taken as an Officer Decision (OD.005/15).

**A.4    SCHEDULE OF DECISIONS TAKEN BY OFFICERS    49 - 54**

(Non Key Decision)

A Schedule of Decisions taken by Officers under delegated powers is attached for information.

(Copy Schedule herewith)

Background Papers -

OD.044/14 (Report CD.33/13 and accompanying Housing Renewal Assistance Policy 2013\*\*; and letters from proprietors / Housing Support Officer)

OD.001/15 (JMT Briefing Paper)

OD.003/15 (Report SD.15/14 - Business Plan - Arts Centre\*\*)

OD.005/15 (Private Reports LE.34/13 and LE.03/15)

OD.006/15 (E-mail correspondence, Breach of Condition Notice, Draft Witness Statement and Draft Temporary Stop Notice)

\*\* are available on the Council's website -

<http://cmis.carlisle.gov.uk/cmis/>

#### **A.5 JOINT MANAGEMENT TEAM**

**55 - 56**

(Non Key Decision)

The Minutes of the meeting of the Joint Management Team held on 15 December 2014 are submitted for information.

(Copy Minutes herewith)

#### **A.6 REVENUE BUDGET OVERVIEW AND MONITORING REPORT - APRIL TO DECEMBER 2014**

**57 - 78**

(Non Key Decision)

The Director of Resources to submit a report providing an overview of the Council's revenue budgets for the period April to December 2014.

(Copy Report RD.57/14 herewith)

- A.7     CAPITAL BUDGET OVERVIEW AND MONITORING REPORT -     79 - 94**  
**APRIL TO DECEMBER 2014**
- (Non Key Decision)
- The Director of Resources to submit a report providing an overview of the Council's budgetary position on the capital programme for the period April to December 2014.  
(Copy Report RD.58/14 herewith)
- A.8     TREASURY MANAGEMENT OCTOBER - DECEMBER 2014     95 - 108**
- (Non Key Decision)
- The Director of Resources to submit the regular quarterly report on Treasury Transactions including the requirements of the Prudential Code.  
(Copy Report RD.59/14 herewith)
- A.9     HADRIAN'S CAMP GYPSY AND TRAVELLER SITE     109 - 114**
- (Non Key Decision)
- The Director of Economic Development to submit a report concerning a proposal to take over the freehold of Hadrian's Camp Gypsy and Traveller Site.  
(Copy Report ED.01/15 herewith)
- A.10   LOCALISATION OF REVENUES AND BENEFITS SHARED     115 - 126**  
**SERVICE OPERATIONS**
- (Non Key Decision)
- The Director of resources to submit a report advising Members of the reasons for operational staff within the Revenues and Benefits Share Service being brought in-house.  
(Copy Report RD.60/14 herewith)

## **PART B**

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

- NIL -

### **Members of the Executive**

Councillor C W Glover (Leader)

Councillor Mrs E B Martlew (Deputy Leader; and Environment and Transport Portfolio Holder)

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

Councillor Mrs J Riddle (Communities, Health and Wellbeing Portfolio Holder)

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

Councillor Mrs H M Bradley (Economy, Enterprise and Housing Portfolio Holder)

### **Enquiries to:**

Morag Durham - Tel: 817036

### **Notes to Members:**

Decisions made at this meeting, if not subject to call-in, will become live on 12 February 2015



## Report to Executive

Agenda  
Item:

**A.1**

Meeting Date: 2<sup>nd</sup> February 2015  
Portfolio: Communities and Housing  
Key Decision:  
Within Policy and  
Budget Framework YES  
Public / Private Public

Title: INTER-AGENCY HOMELESSNESS STRATEGY FOR CARLISLE  
2015-20  
Report of: Director of Economic Development  
Report Number: ED 02/15

### Recommendations:

For Executive to note and consider any feedback forthcoming from the Community Overview and Scrutiny Panel following their consideration of the strategy.

### Tracking

Executive:	<b>14<sup>th</sup> January and 2<sup>nd</sup> February 2015</b>
Overview and Scrutiny:	<b>15<sup>th</sup> January 2015</b>
Council:	<b>3<sup>rd</sup> March 2015</b>

## **1. FOREWORD**

Homelessness is a complex issue with multiple causes requiring flexible solutions. To achieve the best possible results for our citizens and our City, we recognise that it is essential that all partners across different sectors and departments understand their important contribution and the cyclical benefits of joined up collaborative homelessness prevention and intervention to support the most vulnerable and those at risk.

The 2015-20 strategy builds on the strengths of the previous strategy, and contributes towards the strategic objectives within Carlisle City Council's corporate plan; in particular to work effectively with partners and to address Carlisle's current and future housing needs; and achieve the vision 'to promote Carlisle as a prosperous City, one in which we can all be proud'.

The strategy also incorporates and compliments other local and national strategic plans and strategies in order to enhance partnership approaches and deliver joint priorities, preventative activities focused on addressing the root causes of homelessness through a collective commitment for Carlisle.

Carlisle City Council has worked closely with key local stakeholders throughout the development of the shared priorities and key actions included within this strategy to ensure that the vision and goals reflect the needs of all within the district; to ensure that ownership, responsibility and accountability is shared. The working group will continue to meet throughout the life of the strategy to ensure success and that the ongoing strategic actions are reviewed annually to reflect the needs of all within the district in line with national and local drivers and legislation changes.

## **2. BACKGROUND**

Section 1 (1) of the Homelessness Act 2002 gives Housing Authorities the power to carry out homelessness reviews within the district areas; and S.1 (3 and 4) places a statutory responsibility on housing authorities to formulate and publish a homelessness strategy based on the ongoing results of the reviews.



Section 3 (1) of the Homelessness Act 2002 requires the local housing authority to have a strategy which seeks to:

- prevent people from becoming homeless
- ensure that there is sufficient accommodation in the area for people who might become, or are homeless
- ensure that people who might be, or are homeless, have sufficient support to prevent them from becoming homeless again
- consult with other relevant agencies in carrying out the review and in preparing the strategy

The 2015-20 Strategy builds on the strengths and achievements of the previous strategy as outlined below.

## 2.1 Objectives Achieved to date

All key priorities outlined within Carlisle's homelessness strategy 2008-2013 were achieved and include:

Key priority area:	Objectives achieved:
Reduce temporary accommodation by 50% in 2010	<ul style="list-style-type: none"> <li>• TA target met by 2010 through the utilisation of the hostels as a preventative placement to households where no duty is owed under the Housing Act 1996</li> <li>• A four times (308%) increase in homeless prevention cases from 2008 – 2013</li> </ul>
Stop placing 16 17 year olds in bed and breakfast by 2010	<ul style="list-style-type: none"> <li>• No Bed and Breakfast placements utilised</li> <li>• Increased partnership working with Children's Services and 16/17 year old Homelessness Co-ordinator</li> <li>• Implemented joint assessments with Children's Services as part of the development of the initial joint protocol</li> </ul>
Prevent and reduce further rough sleeping	<ul style="list-style-type: none"> <li>• Implemented the provision of emergency accommodation arrangements for severe weather (SWEP)</li> <li>• Commitment to NSNO County wide</li> <li>• Introduction of Street Link</li> <li>• Conducted an official Rough Sleepers count in 2011</li> <li>• Assisted 118 households through the homelessness prevention grant from 2012 to date with rent in advance / deposits</li> <li>• Adopted a 'Places of change' approach throughout services</li> </ul>

## 2.2 The Homelessness Review – Key Findings

As part of the review process in line with best practice, Carlisle City Council examined the last six years homelessness demographic data; correlating this with information from local social services as to the current and likely future members of social services client groups who are likely to be homeless or at risk of homelessness; for example young people in need, care leavers and those with community care needs.

Trend patterns, current and future demands were determined, including housing and support resources and availability; ensuring that the future strategic priorities set are based on realistic assumptions as to how they will be delivered in practice, and collectively owned by all stakeholders within the district. The main findings included:

- 1200 people consistently approaching for housing advice for each of the last six years
- The number of Homelessness acceptances (full duty) reduced by 68% from 206 to 65 between 08/09 and 13/14 (which is comparably favourable with the national average)
- Proportionally the figures of priority need homelessness decisions have remained fairly constant over the last six years with the largest group being those with dependent children/pregnant (34%), the next largest groups being those with mental health problems (22%) and those suffering domestic violence (8%)
- The causes of homelessness remained proportionally similar with relationship breakdown (29%) and loss of rented accommodation (22%) being the most common causes
- Over the last six years the focus on homelessness prevention within the district has demonstrated an increase of 323% from 97 households successfully assisted to 410. This focus on prevention within homelessness services has successfully brought the City Council in line with the national statistical average
- An average of 35% of all homelessness presentations are from young people aged between 16 and 25

- The most recent official rough sleepers count was carried out on 14<sup>th</sup> November 2014 during the hours of 2am – 4am; where 45 areas were identified and searched through local intelligence gathered from a variety of local sources including Cumbria Police, The Salvation Army, Churches Together, Carlisle Key, CASS, and Unity. The count was verified by the North East and Cumbria Manager for Homeless Link who accompanied one of the search teams on the night. No rough sleepers were found in any of the locations; further more there was no evidence observed to indicate any recent rough sleeping activity

**2.3** In addition, an audit of repeat presentations, applications and of those residents in emergency temporary accommodation for long periods of time over the past six years was reviewed identifying 29 people annually as experiencing multiple exclusion. 1:1 interviews were then conducted with 10 sample cases over a two month period as part of an in-depth local study in to Multiple Exclusion homelessness (MEH) within the district (the full report will be available on-line with the publication of the strategy). The main findings of the sample highlighted that:

- 80% had experienced institutional care, with prison or young offenders being the most commonly experienced (75%) particularly within the male sample (83%)
- 38% experienced having a period in local authority care, and all reported being removed from home as a result of violence or abuse
- 90% had substance misuse issues; with 78% reporting using hard drugs (heroin, crack and cocaine), with the youngest median age of first experiencing this within the female sample as age 14 – significantly the same median age as first injecting drugs within the female sample (17 in the male sample)
- 70% had participated in street culture activities; and 60% reported experiencing all key indicators associated with MEH
- 80% had children (including those who do not live with them 75% female, 83% male)
- 60% reported having slept rough at some point (the median age of females first experiencing this being aged 16, males aged 19)

- 60% reported survival shoplifting (83% of male sample); with alcohol being the recorded as stolen the most; with drugs reported as being bought the most with the money made from selling stolen items
- 25% of females reported experiencing having sex or performing a sex act in exchange for somewhere to stay; with a median age of first experiencing this of 12 years (significantly the same respondents reported experiencing sexual abuse as a child and an adult)
- 90% reported having mental health issues, with 80% receiving medication for this
- 40% reported having attempted suicide an average of 4 times
- 75% of the female sample reported regular episodes of self harming behaviour (cutting; burning; punching; head banging)
- Official homelessness presentations were reported as occurring at the end of the multiple exclusion journey; most significantly within the female sample at a median age of 22 years
- The estimated average cost to local public services within Carlisle based on the average persons experiential findings and DCLG's cost unit calculator (2014) is £60,036 per person; totalling estimated cost of £1.7 million annually

## 2.4 National, Regional and Local Context

As part of the review relevant strategic documents have been reviewed and key actions incorporated to ensure the effectiveness and success of resources and appropriate partnerships.

The Governments Housing Strategy, *Laying the foundations: a housing strategy for England* acknowledged the current key challenges posed by tackling homelessness, through issues such as the recession, welfare reform and rough sleeping; thus highlighting the importance of homelessness prevention.

*Making Every Contact Count: A joint approach to preventing homelessness* encourages better cross-service working between councils, charities, health

services and the police to focus on earlier support for people likely to become homeless and includes five commitments:

- Tackling troubled childhoods and adolescence
- Improving Health
- Reducing involvement in crime
- Improving access to financial advice, skills and employment services
- Pioneering innovative social funding mechanisms for homelessness

The report also set out 10 'local challenges' for local authorities which if addressed will lead to local homelessness services meeting the best or gold standards; these challenges have been incorporated and addressed in this strategy and action plan:

<b>Local Challenges:</b>	
<b>1</b>	Adopt a corporate commitment to prevent homelessness which has buy in across all local authority services
<b>2</b>	Actively work in partnership with voluntary sector and other local partners to address support, education, employment and training needs
<b>3</b>	Offer a 'housing options' prevention service, including written advice to all clients
<b>4</b>	Adopt a No Second Night Out model or an effective local alternative
<b>5</b>	Have housing pathways agreed or in development with each key partner and client group that include appropriate accommodation and support
<b>6</b>	Develop a suitable private rented sector offer for all client groups; including advice and support to both clients and landlords
<b>7</b>	Actively engage in preventing mortgage repossessions including through the Mortgage Rescue Scheme
<b>8</b>	Have a Homelessness Strategy which sets out a pro-active approach to preventing homelessness and is reviewed annually so that it is responsive to emerging needs
<b>9</b>	Not place any young person aged 16 or 17 in bed and breakfast accommodation
<b>10</b>	Not to place any families in bed and breakfast accommodation unless in an emergency and then for no longer than 6 weeks

The Government outlined its *Vision to end Rough Sleeping in the No Second Night Out* rollout nationwide; recognising that in order to successfully deal with rough sleeping a gold standard approach to rough sleeping services that meet the No Second Night Out principles will need to be adopted and owned collectively locally to ensure that:

- New rough sleepers should be identified and helped off the streets immediately so that they do not fall in to a dangerous rough sleeping lifestyle

- Members of the public should be able to play an active role by reporting and referring people sleeping rough
- Rough sleepers should be helped to access a place of safety where their needs can be quickly assessed and they can receive advice on their options
- They should be able to access emergency accommodation and other services, such as healthcare if needed
- If people have come from another area or country and find themselves sleeping rough, the aim should be to reconnect them back to their local community unless there is a good reason why they cannot return. There, they will be able to access housing and recovery services, and have support from family and friends

## 2.5 Carlisle Housing Strategy

The Homelessness Strategy 2015-20 incorporates and contributes towards the key objectives within Carlisle's current Housing Strategy highlighted below in relation to Supporting Vulnerable People through supporting the delivery of housing and support services to meet the needs of all.

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| <ol style="list-style-type: none"> <li>1. Responding to our ageing population, with care of vulnerable older people shifting to their homes.</li> <li>2. Responding to the changes in Welfare reform and the effects within the current economic climate.</li> <li>3. Meeting the challenges of an increased demand on our services with reduced resources.</li> <li>4. Responding to increased expectation, choice and control over how services are provided to communities and individuals through the personalisation agenda.</li> <li>5. Making sure that partnership working and shared priorities are maintained through a changing, competitive market.</li> <li>6. Better targeting of support to vulnerable people.</li> </ol>  |
| <ol style="list-style-type: none"> <li>1. Work together to review the City Council's Homelessness Strategy.</li> <li>2. Make sure there is adequate support and appropriate (including temporary) accommodation to meet the needs of vulnerable groups.</li> <li>3. Reduce pressure on our services by developing innovative prevention solutions, including those focused on reducing worklessness and poverty.</li> <li>4. Actively work to reduce social isolation amongst older people.</li> <li>5. Improve access to our services for vulnerable people from hard-to-reach social groups.</li> <li>6. Co-ordinate and support the delivery of front line services through the Shaddongate Resource Centre.</li> <li>7. Help vulnerable groups adjust to impact of Welfare reform.</li> </ol> |

### 3. PROPOSALS – Putting the Priorities for Carlisle into Action

Partnership working is at the heart of this Strategy and working together we have developed a strategic vision for Carlisle that will ensure we are all working to develop and address the following priority areas over the five year period:

Priority Area 1: Delivery of Appropriate Flexible Accommodation and Support Pathways					
Aim	Action	Objective	Key Partners	By When	Challenges
<b>Develop, implement and embed effective multi- agency personalised support and housing services which allow flexibility and mobility</b>	<ul style="list-style-type: none"> <li>○ Closer working and joined up processes with the Central Access Point (CAP)</li> <li>○ Review the MEAM model and consider its potential in Carlisle</li> <li>○ Review local access barriers and exclusions; promoting a culture of crisis intervention across agencies</li> <li>○ Crisis intervention approaches to manage and prevent evictions and unplanned exits from services</li> <li>○ Embed a collective commitment to improve the transparency of decision making and</li> </ul>	<ul style="list-style-type: none"> <li>● Increased access and move on routes in to and out of support and accommodation provision</li> <li>● Increased supply of settled accommodation</li> <li>● Reduction in repeat homelessness cases and MEH</li> </ul>	Carlisle City Council / Cumbria County Council / CAP / Probation Services / NHS / CMHS / Drug & Alcohol services / Cumbria Police / Training and Education Providers / Housing Providers – RSL's; PRS; SP funded and supported housing / Carlisle YMCA / YOS		

	<p>challenge through escalation and conflict resolution</p> <ul style="list-style-type: none"> <li>○ Develop and promote a collaborative local directory of services</li> <li>○ Review and carry out a temporary accommodation audit across providers; and housing needs survey</li> </ul>				
<p><b>Improve access to local community services for gypsy and travellers</b></p>	<ul style="list-style-type: none"> <li>○ Review of collaborative initial response to assessing initial needs, safeguarding and welfare of unauthorised roadside encampments</li> <li>○ Consultation in relation to needs and barriers to inclusion</li> <li>○ Increase the use of housing related floating support provision for gypsy and travellers assessed as having a support need</li> </ul>	<ul style="list-style-type: none"> <li>● Increased access to community services for gypsy and travellers</li> <li>● Prevention and alleviation of homelessness, and unauthorised encampments</li> </ul>	<p>Carlisle City Council / Cumbria County Council / CAP / NHS / CMHS / Drug &amp; Alcohol services / Cumbria Police / Training and Education Providers / Community groups</p>		



<b>Promote safeguarding as a priority locally within all agencies working with vulnerable adults and children</b>	<ul style="list-style-type: none"> <li>○ Place safeguarding at the centre of all service development and delivery</li> </ul>	<ul style="list-style-type: none"> <li>● Increased knowledge, confidence and reduction of on-going risks</li> </ul>	All agencies represented within the Homeless Strategy working group		
<b>Priority Area 2: Multiple Exclusion Homelessness and Rough Sleeping</b>					
<b>Aim</b>	<b>Action</b>	<b>Objective</b>	<b>Key Partners</b>	<b>By When</b>	<b>Challenges</b>
<b>Strategic multi-agency approach to homelessness prevention and intervention for those who are or at risk of MEH and rough sleeping in line with the Making Every Adult matter framework</b>	<ul style="list-style-type: none"> <li>○ Clear commitment to a cross sector mandate to work outside of single organisational boundaries</li> <li>○ A multi-agency preventative pro-active approach to identifying, reporting and referring people at risk of homelessness and rough sleeping for advice and appropriate assistance</li> <li>○ Effective reconnection policy in place</li> <li>○ Development and delivery of rapid access routes in to specialist mental</li> </ul>	<ul style="list-style-type: none"> <li>● Reduction in repeat homelessness cases and MEH</li> <li>● Improvement in communication and joint working</li> <li>● End of rough sleeping</li> <li>● Improve the overall wellbeing of local people and encourage a focus on the health promotion of the local homeless population</li> <li>● Improved recognition and</li> </ul>	<p>All agencies represented within the Homeless Strategy working group</p> <p>Mental Health and therapeutic intervention services</p> <p>NHS services</p>		

	<p>health, primary care and appropriate support and accommodation services for people who are experiencing MEH</p> <ul style="list-style-type: none"> <li>○ Rapid access in to a range of appropriate drug and alcohol treatment services for adults identified as being at high risk of homelessness and multiple exclusion</li> <li>○ Focused sustained support to a small case load of people experiencing MEH, which differs from preventative services offered to other at risk groups</li> <li>○ Focused work to particularly safeguard young females at risk of invisible forms of homelessness and rough sleeping</li> <li>○ Access to therapeutic rehabilitation and creative services to</li> </ul>	<p>treatment of physical and mental health difficulties amongst people experiencing homelessness</p> <ul style="list-style-type: none"> <li>● Reduced levels of trauma and homelessness</li> <li>● Enhanced links between health and social care agencies</li> </ul>			
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	<p>improve coping strategies to deal with trauma issues and learn alternative coping mechanisms to reduce mental health issues, self harming and self medicating through substances</p> <ul style="list-style-type: none"> <li>○ On-going local commitment and local promotion of Nightstop, No Second Night Out, Streetlink and the Severe Weather Emergency Provision</li> <li>○ Develop and conduct a county wide co-ordinated strategic health assessment of all people experiencing homelessness</li> <li>○ Embed a Place of Change commitment across all agencies involved in supporting people experiencing homelessness; creating and developing innovative projects and</li> </ul>				
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	<p>opportunities for people to engage fully through volunteering, employment, training and education</p> <ul style="list-style-type: none"> <li>○ Work in partnership to reduce ASB and carry out a Street needs audit</li> </ul>				
Priority Area 3: Increase and improve positive outcomes for young people experiencing homelessness					
Aim	Action	Objective	Key Partners	By When	Challenges
<p><b>Develop, implement and monitor the revised and updated 16-17 year old joint protocol</b></p>	<ul style="list-style-type: none"> <li>○ Develop a Local Commitment for Carlisle which outlines how we will collectively support and implement the Joint Protocol for Homeless 16/17 year olds</li> <li>○ Review the effectiveness of the Youth Panel as a referral point for emergency cases as part of the Local Commitment for Carlisle</li> <li>○ Actively promote Nightstop within Carlisle</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention of Homelessness</li> <li>• Reduced levels of young people experiencing homelessness</li> <li>• Increase access to independent advocacy for all young people aged 16/17 years who present as homeless as part of the Local Commitment</li> <li>• Increased use of Nightstop as emergency accommodation</li> </ul>	<p>Carlisle City Council / Cumbria County Council – Children’s Services and Supporting People (CAP) / Youth Offending Services / 16/17 year old Homelessness Co-ordinator &amp; Case Officer / Supported Housing providers /</p>		

	<ul style="list-style-type: none"> <li>○ Increase awareness of housing options, advocacy, and support available through increased use of social network sites</li> <li>○ To develop on-line bespoke youth information pages</li> </ul>	<p>for 16-17 year olds</p> <ul style="list-style-type: none"> <li>● Increased volunteers to support and expand the Nightstop scheme within Carlisle</li> </ul>	Carlisle YMCA / All local frontline third sector services working with YP / Inspira / JC+		
<b>Promote a co-ordinated response to meeting the diverse needs and wishes of young people, through the development of local youth accommodation pathways with access routes to a range of appropriate and integrated tailored support and accommodation options</b>	<ul style="list-style-type: none"> <li>○ To promote and increase the use of housing references for under 18's including guarantors; access to Choice Based Lettings for care leavers; and references given for those in temporary accommodation</li> <li>○ To develop a local collective ethos and commitment which puts young people and their families in charge of planning for the future; and provides consistent information and advice about every aspect of the young persons life, not just housing</li> </ul>	<ul style="list-style-type: none"> <li>● Improved outcomes for young people at risk</li> <li>● Increase appropriate housing options pathways for young people</li> <li>● Prevent and alleviate youth homelessness</li> <li>● Increased use of Early Help Assessments contributing towards Countywide targets</li> </ul>	Carlisle City Council / Cumbria County Council – Children's Services and Supporting People (CAP) / Youth Offending Services / 16/17 year old Homelessness Co-ordinator & Case Officer / Supported Housing providers / Carlisle YMCA / All local frontline third		

	<ul style="list-style-type: none"> <li>○ Promote and develop the active use of NYAS with all young people</li> <li>○ Increase the use of housing related floating support provision for young people identified at risk</li> <li>○ Increase the use of Early Help Assessments for 16-17 year olds who are at risk of homelessness</li> </ul>		sector services working with YP / CBL partners / NYAS / Inspira / JC+		
<b>Develop and support a range of collaborative local opportunities and options for young people to participate in education, training and employment to promote economic independence and develop key skills</b>	<ul style="list-style-type: none"> <li>○ Investigate young peoples needs and aspirations; and consult with those identified as at risk of homelessness</li> <li>○ Explore opportunities to link to and develop marginalised youth groups &amp; projects</li> <li>○ Link to local partners delivery plans</li> <li>○ Support and promote the delivery of co-ordinated targeted front line services through the</li> </ul>	<ul style="list-style-type: none"> <li>● Evidence of needs and aspirations to support strategic co-ordinated approach to service delivery</li> <li>● Improved outcomes for young people at risk</li> <li>● Shaddongate Centre utilised as a central community hub for young people identified at risk</li> </ul>	Carlisle City Council / Cumbria County Council / Youth Offending Services / 16/17 year old Homelessness Co-ordinator / IHA / Carlisle YMCA / All local frontline third sector services working with		

	<p>Shaddongate Resource Centre as a central community hub</p> <ul style="list-style-type: none"> <li>○ Identify best practice partnership approaches to effective homelessness prevention through engagement with schools / other education providers for pre 16 years and pre 18 years</li> <li>○ Promote and increase the number of local foster carers and placements for 16-17 year olds to enable young people to move forward positively in a planned way</li> </ul>	<ul style="list-style-type: none"> <li>• Prevent and alleviate youth homelessness</li> </ul>	YP / Inspira / JC+ / Team Fostering		
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#### Priority Area 4: Prevention of Homelessness

Aim	Action	Objective	Key Partners	By When	Challenges
<b>Meet the Gold Standard challenge standards and strive for continuous improvement in</b>	<ul style="list-style-type: none"> <li>○ Offer a housing options prevention service which includes written advice to all clients</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement of Gold Standard services</li> <li>• Prevent and alleviate</li> </ul>	<p>Carlisle City Council</p> <p>All agencies represented</p>		

<b>frontline services</b>	<ul style="list-style-type: none"> <li>○ Embed and promote the No Second Night Out standards</li> <li>○ Have a clear multi-agency agreement to improve housing and support pathways for those at risk of homelessness</li> <li>○ Develop a suitable, safe and good standard private rented sector offer; with a focus on single people at risk of repeat homelessness (non statutory in line with NSNO); including advice and support to both clients and landlords</li> <li>○ Actively engage in preventing mortgage repossessions through embedding the pre-action protocol and utilising preventative toolkit and actions on a case by case basis</li> <li>○ Have a homeless strategy which sets out a pro-active approach</li> </ul>	<p>homelessness and rough sleeping</p> <ul style="list-style-type: none"> <li>● Improve standards, information, advice and options for both landlords and tenants</li> </ul>	<p>within the Homeless Strategy working group</p> <p>Local Private Landlords</p> <p>Mortgage Lenders</p>		
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	<p>to preventing homelessness which is reviewed annually to ensure responsiveness to emerging needs</p> <ul style="list-style-type: none"> <li>○ To continue to not place 16-17 year olds in Bed and Breakfast as temporary accommodation; and encourage this good practice across agencies</li> <li>○ To continue to not place any families in Bed and Breakfast as temporary accommodation unless in an emergency and then for no longer than 6 weeks; and encourage this good practice across agencies</li> </ul>				
<p><b>Outreach work with local schools to identify young people / families at risk of homelessness; enabling effective</b></p>	<ul style="list-style-type: none"> <li>○ Increase the use of Early Help Assessments for 16-17 year olds who are identified as being at high risk</li> </ul>	<ul style="list-style-type: none"> <li>● Prevent and alleviate homelessness</li> <li>● Increased use of Early Help Assessments</li> </ul>	<p>Carlisle City Council Homeless Prevention / Education welfare / Local</p>		

<b>support and advice to be targeted at an early stage</b>	<ul style="list-style-type: none"> <li>○ Develop, implement and monitor clear systems and targeted joint programmes focused on young people &amp; families</li> <li>○ Identify opportunities to link to / join up specialist targeted panels focused on young people identified as being at risk of homelessness</li> </ul>	contributing towards Countywide targets	schools and youth programmes / Children and Family services / 16-17 year old Homelessness Co-ordinator & case Officer		
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<p><b>Review develop, implement and monitor all early warning systems, partnerships and discharge policies from all institutional care facilities including hospitals</b></p>	<ul style="list-style-type: none"> <li>○ Review effectiveness of all existing discharge policies and protocols; identify gaps, barriers and hospital discharge protocol including mental health hospital discharges</li> <li>○ Ensure there is appropriate support and signposting in place to assist individuals and families leaving the Armed Forces</li> <li>○ To offer home visits and mediation services to all as appropriate as a crisis intervention tool</li> <li>○ Promote a crisis intervention approach to ensure that refusals and pending evictions are flagged at an early stage from all providers within Choice Based Lettings and supported accommodation</li> </ul>	<ul style="list-style-type: none"> <li>● Prevent and alleviate homelessness</li> </ul>	<p>Carlisle Welfare Reform Board</p> <p>All agencies represented within the Homeless Strategy working group</p> <p>Cumberland Infirmary / NHS services / CMHS / Prison and Probation services</p> <p>The Royal British legion / SAFFA and other local and national supportive charities</p>		
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	<ul style="list-style-type: none"> <li>○ Ensure effective information protocols and processes in place to ensure early engagement with drug and alcohol treatment agencies and interaction with the criminal justice system to compliment the discharge policies</li> <li>○ Develop early warning systems and partnerships to ensure an effective response to unauthorised encampments; and to support the local gypsy and traveller protocol</li> <li>○ Ensure housing / homelessness representation on all appropriate local problem solving and early warning groups</li> <li>○ Conduct an audit of move on outcomes for vulnerable older adults following hospital discharges</li> </ul>				
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<p><b>Ensure a joined up approach to households affected by welfare reform changes</b></p>	<ul style="list-style-type: none"> <li>○ Development, implementation and monitoring of co-ordinated joined up money, debt advice and budgeting support services (link to UC)</li> <li>○ Welfare Reform and Universal Credit information and training for all frontline officers across services and schemes including utilising community asset buildings and support workers across sectors utilising a 'train the trainer' approach</li> </ul>	<ul style="list-style-type: none"> <li>● Prevent and alleviate homelessness</li> </ul>	<p>Carlisle Welfare Reform Board</p> <p>All agencies represented within the Homeless Strategy working group</p> <p>CAST</p>		
<p><b>Monitor the effectiveness and usage of discretionary housing payments</b></p>	<ul style="list-style-type: none"> <li>○ Monitor on a quarterly basis as part of Carlisle Welfare Reform board</li> <li>○ Ensure that all agencies and clients are aware of DHP's and support applications where appropriate</li> </ul>	<ul style="list-style-type: none"> <li>● Prevent and alleviate homelessness</li> </ul>	<p>Carlisle Welfare Reform Board</p> <p>All agencies represented within the Homeless Strategy working group</p>		

## 4. CONSULTATION

**4.1** To date a number of consultation meetings and workshops have been carried out with a wide range of representative key stakeholders from within the statutory and third sector agencies in order to shape, agree and take collective ownership of the agreed key priorities and develop objectives within the action plan:

- **24<sup>th</sup> June 2014** - to outline the progress made on the previous strategy; the current homeless situation and key priority areas and invite discussion in relation to the key priorities / themes identified
- **23<sup>rd</sup> July 2014** - interactive workshop to explore key priority areas / themes and develop objectives and future actions
- **End of October 2014** – circulation of the draft strategy to key partners and invite comments / amends
- **13<sup>th</sup> / 14<sup>th</sup> November** – Official rough sleepers count verified by Homeless Link (the results have been included within the strategy document and action plan)
- **28<sup>th</sup> November 2014** – Interactive Key stakeholder meeting to amendments; and agree final strategy and action plan
- **28<sup>th</sup> January 2015 & February 2015 (date TBC)** – Interactive workshop session to allocate lead organisations to take forward the objectives set; outline appropriate timescales and identify key challenges to the achievement of the objectives so that these can be addressed collectively
- **March 2015 (date TBC)** – launch and summit planning session to correspond with the publication and promotion of the strategy in April 2015

The overall partnership approach and commitment to the development and delivery of the Homelessness Strategy priorities has been very strong from the beginning of the Strategy review to date; there is an on going commitment and ownership agreed by all parties with regular meetings planned to take place throughout the life of the five year strategy which will be reviewed annually in line with best practice.

**4.2** The Agreed Strategy document and action plan will go through the following internal meetings for approval prior to publication in April 2015:

- SMT – 9<sup>th</sup> December 2014
- JMT – 15<sup>th</sup> December 2014
- Executive – 14<sup>th</sup> January 2015
- Community – 15<sup>th</sup> January 2015
- Executive – 2<sup>nd</sup> February 2015

- Council – 3<sup>rd</sup> March 2015

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

### **5.1 Addressing Carlisle's current and future housing needs**

**Contact Officer: Tammie Rhodes**

**Ext: 7217**

**Appendices  
attached to report:**

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

- None

### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's -**

**Deputy Chief Executive –**

**Economic Development –**

**Governance** – In accordance with Article 4 of the Council's Constitution, Homelessness is part of the Policy Framework reserved to Council. Therefore, it is for Council to approve the final Policy following recommendation by the Executive after the due Scrutiny process.

**Local Environment –**

**Resources** - Any costs associated with the implementation of the Homelessness Strategy can be accommodated within existing revenue budgets.

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## **EXCERPT FROM THE MINUTES OF THE COMMUNITY OVERVIEW AND SCRUTINY PANEL HELD ON 15 JANUARY 2015**

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### **COSP.07/15 INTER-AGENCY HOMELESSNESS STRATEGY FOR CARLISLE 2015-20**

A short video was played for the Panel showing the Northern Housing Consortium award winning community project which was delivered from Water Street women and family accommodation through a partnership between Carlisle City Council and Fair Meals Direct. The video showed how partnership working provided a valuable local community meals on wheels service for vulnerable adults within the district. The service prepared and delivered hot meals daily to local people and provided learning and volunteering opportunities for the residents of the scheme.

The Homelessness Prevention and Accommodation Services Manager presented report ED.02/15 which outlined the five year Inter-agency Homelessness Strategy for Carlisle. Delivery with key partners prior to publication was developed and agreed and the Strategy would be launched in April 2015.

The Homelessness Prevention and Accommodation Services Manager introduced Ms Dixon, Advanced Practitioner – Leaving Care Carlisle and Eden and Mr Sellers, Salvation Army to the Panel.

Ms Dixon informed the Panel that she dealt with young people between the ages of 16 and 25 who were leaving care. She stressed the importance of the partnership working to avoid repeat homelessness and to provide stable accommodation.

Mr Sellers stated that he was representing Carlisle Churches Together and was the head of a small working party which looked at the support the Churches could provide in response to homelessness.

The Homelessness Prevention and Accommodation Services Manager explained that the report outlined the background to the Strategy and the objectives achieved to date and gave details of the Homelessness Review all of which had previously been considered by the Panel. It was agreed that the meeting would focus on the four Priority Areas and the Action Plan which had been developed with partners and had been attached to the report.

#### **Priority Area 1: Delivery of Appropriate Flexible Accommodation and Support Pathways**

The Homelessness Prevention and Accommodation Services Manager explained that the main goal of the first priority area was to effectively prevent homelessness. She added that the emphasis was to deliver a flexible approach to support each person in the most appropriate way to help them sustain accommodation. She highlighted a number of the actions including improvements to the Central Access Point and a review of the local access barriers and exclusions. She added that it was vital that a collective commitment to improve transparency of decision making was embedded with all key partners.



In considering the first priority Members raised the following comments and questions:

- *Had it been difficult to place young people in John Street Hostel given the variety of clients in the Hostel?*

Ms Dixon responded that young people leaving care over the age of 18 who perhaps required a higher level of support which was available at the Hostel would be referred. Each case was considered individually and the most appropriate accommodation was sought.

- *Riverside Carlisle had been part of an unsuccessful pilot to bring young people who were leaving care into a controlled tenancy, would the project be readdressed?*

Ms Dixon explained that her team had been involved in the pilot called the Launch Pad Scheme. There had been six tenancies issued, two of which resulted in full time tenancies. Organisational changes within Riverside Carlisle meant that they had not wanted to continue with the Scheme. There was a requirement for more support and accommodation for young people leaving care and Children Services were in discussions with Riverside regarding properties for care leavers possibly on a shared basis where stable support could be provided. More work needed to be undertaken to engage with young people and help them understand their own responsibility and the effect their actions had on their accommodation.

- *Was there a collaborative local directory of services?*

The Homelessness Prevention and Accommodation Services Manager responded that there was not a collaborative directory of services and this was a barrier for people. The advantage of the Strategy was that representatives of all agencies took part and had the strength to carry out the actions successfully.

Ms Dixon added that it was hoped that the directory would be established by October. Children' Services had started to develop a directory and it was envisaged that the agencies would feed into that one and pull everything together.

- *How effective was the Council at supplying housing?*

The Homelessness Prevention and Accommodation Services Manager explained that the Council could influence nominations and administered Choice Based Letting for clients.

- *Was there a Gypsy and Travellers Council which could assist the Council in improving access to local community services?*

The Director of Economic Development confirmed that there was a Council but they did not necessarily engage with the authority.

- *In what way were gypsy and travellers classed as vulnerable?*

The Homelessness Prevention and Accommodation Services Manager explained that under the Housing Act 1996 and the Homelessness Code of Guidance gypsy and travellers would be vulnerable if they had mobility issues, were 16/17 years old or if there were children in the

family. The action had been to provide better support and offer the necessary prevention measures. The safeguarding of children locally was a priority for the Council.

## **Priority Area 2: Multiple Exclusion Homelessness and Rough Sleeping**

The Homelessness Prevention and Accommodation Services Manager reported that the Multiple Exclusion Homelessness (MEH) was a specific separate category of homelessness. MEH was a client who had experienced homelessness, was engaged in street culture activity, substance misuse and often had mental health issues. The MEH group were the minority in the homelessness groups but often had the most complex and challenging needs. One reason that this group was a priority was due to the cost and resources needed to deal with the issues. The age group was usually older and issues became more visible when all other options had been explored or exhausted. The priority area looked at how the agencies could deal with the group better and prevent younger clients ending up in the group later in life.

In considering the second priority Members raised the following comments and questions:

- *How were the MEH dealt with currently?*

The Homelessness Prevention and Accommodation Services Manager explained that in the past clients had been passed around various agencies and became caught in a homelessness cycle. A personalised and flexible approach was required to improve the service.

The Director of Economic Development agreed that more communication was needed between partners to ensure the right agencies were working together to provide the right support.

- *What prospects were there for young people, were the young people coming out of care NEETs (Not in Employment, Education or Training)?*

Ms Dixon explained that Children's Services worked with Inspira and the DWP to ensure that young people were aware of all of the options available to them. Unfortunately some of the care leavers were not in an emotional position to attend school or work and they required additional support.

Mr Sellers commented that the Churches usually dealt with people in the MEH category over the age of 30 and, unfortunately, some of the people had been in the cycle for over ten years. People in that group were often difficult to deal with and although the Churches wanted to help them they often had conflicting groups to deal with.

- *The report stated that there were no rough sleepers found during the official rough sleepers count yet the report also proposed the No Second Night Out (NSNO) rollout.*

The Homelessness Prevention and Accommodation Services Manager stated that the zero count was excellent news for the City. She explained that a large number of single young people stayed on friends' sofas etc until they had no other options. Homelessness was not necessarily rough sleeping and the Strategy aimed to ensure that those who did stay with friends did not end up rough sleeping. The NSNO addressed more than just rough sleeping

and put preventative measures in place to ensure the Council not only fulfilled its statutory duty but also supported those that were not within the duty.

Mr Sellers felt that there was a perception of homelessness by the Churches that was perhaps different to the actual statistics and this could be due to the help that Churches provided and the lack of interaction with other agencies. He also thought there may be more rough sleepers in the warmer months, he agreed that the NSNO rollout was an excellent an idea for the City.

A Member commented that there had been a dramatic decline in the number of homeless both locally and nationally.

The Economy, Enterprise and Housing Portfolio agreed that there had been a reduction in the number of statutory homelessness acceptances but drew the Panel's attention to the report which stated that 1200 people consistently approached the Council for housing advice each year. She also highlighted that there had been a significant increase in the number of people who had received preventative support. She felt that the authority should be proud of the Strategy and of the way it approached homelessness.

### **Priority Area 3: Increase and improve positive outcomes for young people experiencing homelessness**

The Homelessness Prevention and Accommodation Services Manager reported that the focus of priority area 3 was 16/17 year olds and the aim was to embed local commitment for Carlisle through the implementation of a Local Joint Protocol for Homeless 16/17 year olds. It was important that there was a flexible approach to working along with a much more responsive approach to young people.

A Member asked if there was an update on the situation with regard to Shaddongate Resource Centre and its role as a central community hub for young people identified at risk.

The Director of Economic Development responded that discussions were taking place with the YMCA to deliver certain support.

### **Priority Area 4: Prevention of Homelessness**

The Homelessness Prevention and Accommodation Services Manager reiterated that prevention was the main theme throughout the Strategy. The Council felt that it was important to be involved in the Gold Standard Challenge. Only one authority had reached the Gold Standard to date nationally. To start the process there would be a peer review which would take place in Carlisle in April 2015. The peer review was an in-depth look at the effectiveness of the homelessness service compared to national benchmarking set by the DCLG. The Priority covered all of the actions that would be required to reach a Gold Standard service including the review of all protocols, procedures and policies, in particular the discharge policies, to ensure they were up to date and most importantly to ensure they worked. It was anticipated that the Gold Standard award would take at least 18 months to achieve.

The Strategy also included the monitoring of changes introduced through the Welfare Reform and the effect they had on the community and potential effects on homelessness. She added that the Team also ensured that all agencies and clients were aware of Discretionary Housing Payments which proved vital to those moving into properties without furniture.

In considering the fourth priority Members raised the following comments and questions:

- *Was the issue regarding bare accommodation as a result of the authority not using private landlords to carry out their homeless duty?*

The Homelessness Prevention and Accommodation Services Manager explained that private landlords were used by the authority as often this was the only option available. Social Housing was the preferred route as it was deemed more secure by the clients.

- *A Member asked if the homelessness team felt that the Council's financial situation had affected their work.*

The Homelessness Prevention and Accommodation Services Manager responded that the financial situation focused all of the agencies priorities to achieve more with less. The Council met its statutory responsibilities and did this well, it also continued to assist those who the Council did not have statutory responsibility for.

The Deputy Chief Executive informed the Panel that there had not been a significant reduction in the homelessness budget although there had been some changes in staffing.

Mr Sellers added that resources was an issue for charitable organisations and there was a greater need for co-ordinated working to maximise the available resources.

- *Would the joint strategy be presented to all agencies that had been involved?*

Ms Dixon stated that she had regular contact with the homelessness team and hoped that next year there would be more opportunity for the panel to see a more robust document with examples of what was actually being achieved through the partnership approach in line with the strategy.

In closing the item the Chairman thanked all those who attended and contributed to a worthwhile meeting and added that it was clear that there needed to be more co-operation between all agencies and inter agency working should be embedded in the culture.

RESOLVED: 1. That Ms Dixon and Mr Sellers be thanked for their attendance and input in the meeting;

2. That Report ED.02/15 be noted;

3. That the observations of the Community Overview and Scrutiny Panel, as outlined above, be conveyed to the Executive;

4. That an update on the Action Plan be submitted to the Panel in twelve months time.

## Report to Executive

Agenda  
Item:  
  
**A.2**

Meeting Date: 2nd February 2015  
Portfolio: ECONOMIC DEVELOPMENT  
Key Decision: Yes  
Within Policy and Budget Framework  
Public / Private Public

Title: **ENERGY SUPPLY PARTNER**  
Report of: DIRECTOR OF ECONOMIC DEVELOPMENT  
Report Number: ED.07/15

### **Purpose / Summary:**

**A soft market testing exercise to seek expressions of interest from Companies wishing to become an Energy Supply Partner to the Council was carried out at the end of last year. It has been also agreed that a partnership model offered the best balance between risk and reward – offering opportunities to engage with our communities to reduce fuel poverty, while offering a potential income stream. The exercise resulted in four companies expressing an interest in partnering with the City Council to become an Energy Supply Provider. A timeline was also agreed and the next stage in the process is to seek Executive approval to undertake a formal tendering process to secure a Partner. The benefits to residents will be to reduce fuel bills, so increasing disposable income, reducing fuel poverty and offering access to cheaper tariffs for those on pre-payment meters.**

### **Recommendations:**

**The Executive is asked to approve:**

- 1. That the tendering process to secure an Energy Supply Partner is taken forward.**
- 2. That, following procurement, the Council and the successful Provider will establish a business model for the marketing and supply of energy and seek further approval by the Executive.**

### **Tracking**

Executive:	<b>2nd February 2015</b>
Overview and Scrutiny:	
Council:	

## **1. BACKGROUND**

### **The Energy Market and Fuel Poverty**

**1.1** Across the UK and the Republic of Ireland there has been a growing disquiet with perceived failings in the energy market and the escalating costs of energy; even though there may be some reductions due to dropping oil prices at the moment. Within the local government sector, Councils are increasingly concerned that the market is not just “broken” but is failing local communities, particularly the poorest groups suffering from increased levels of fuel poverty. For example, consumers feel that not all of the current reductions in wholesale markets will be passed on to them.

Within a policy context of potential future reforms to the energy market, there are a number obvious reasons for considering increased activity in the development of energy policy in Carlisle. These include:

- The City Council is a large consumer of energy and energy prices can markedly affect the Council’s cost base for delivering services.
- The impact of fuel poverty in the District has a significant impact on the Health and Wellbeing of the locality.

The 2012 Private Sector Stock Condition survey highlighted that around 22.2% private sector households (owner occupiers and private tenants) were in fuel poverty. As energy prices have increased significantly since 2012, it is assumed that the estimated 9,000 households in fuel poverty will have increased.

### **Policy context**

**1.2** It is now possible for community groups and local authorities to become partners with an Energy company in the energy supply market; removing some of the barriers to entry that had existed previously.

The necessary requirements to become an energy supplier are complex and involve, for example, a number of IT related steps bound by regulation. This complexity has prevented new entrants from entering the market especially if they are from the community or local authority environment. Any new entrant will need also to have access to the wholesale energy market or be able to generate their own energy for sale into the market. They would also have to set up their own customer service and billing operations.

For any potential Energy Supply Partner, there are clear benefits in using the trusted and reliable brand of the Council as a way of marketing their offer to residents. The key objective for them is to switch new customers to their company's offer.

## **Benefits to the Council and Residents**

**1.3** For the Council, the benefits of becoming an energy supplier would be that it could generate income for the local authority through selling energy which is either sourced from the Partner or that the Council has generated itself and offer help to disadvantaged groups to reduce their bills such as those on pre-payment meters.

For residents, the arrangement also would potentially provide access to cheaper tariffs and other benefits such as smart meters replacing prepayment meters for vulnerable groups who cannot access cheaper tariffs - typically 25% more expensive than tariffs found through direct debit and online. This will help people with their bills and free up household income to grow the local economy.

## **National Tariffs**

**1.4** Currently Energy Suppliers are only able to offer 4 national tariffs, a potential partner would probably offer one of these tariffs for use by the Authority to market and sell to its residents. The Partner would offer the Council Electricity and Gas at a wholesale rate and offer a route through this tariff for the Council to sell its own generated power into the market in the future.

## **Outcome of Soft Market Testing Exercise**

**1.5** It was agreed following a report to JMT in October that we should first seek expressions of interest through a soft market testing exercise and this concluded at the end of November. We were successful in attracting 4 potential partners. These are:

- British Gas
- OVO Energy
- Smart Metering Systems
- Utilyx

British Gas and OVO Energy are Energy Supply companies supplying the retail market. Utilyx and Smart Metering Systems are IT/Data companies.

## **2. NEXT STEPS**

**2.1** The next stage in this process, subject to approval by the Executive, is to proceed to tender via a specification. This will set out the requirements that the Council will expect of a Partner and ask potential partners to set out their proposals and make clear their financial offer to the Council. After a Partner has been procured, under OJEU, the business model will be established and taken forward. The offer will then be launched and marketed to Carlisle residents.

## **Business Model**

**2.2** The initial proposed Business Model will be to establish a social enterprise under the Homelife branding to market the tariff to residents. This will be part of the specification in the tendering process and will need to be negotiated and agreed once a Partner has been procured.

## **3. CONSULTATION**

**3.1** The decision to tender for an Energy Supply Partner will be made by the Executive. The proposal forms part of a wider initiative on energy use and generation.

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

**4.1** Becoming an energy supplier would allow the Council to maximise the income from future generation of energy and gain a potential income stream to invest in services.

**4.2** The offer to residents would also be substantial in that we can give residents the opportunity of obtaining cheaper electricity and gas, which would reduce fuel poverty and have a significant effect on their ability to spend money both in the local economy and to manage their household budgets. We could also offer changing card meters to smart meters to some of our most vulnerable residents. This would give them the opportunity of gaining from the cheaper tariffs normally only available to direct debit customers.

**4.3** This offer could also be coupled with other energy efficiency measures and services to help both improve homes and save residents money on their energy bills. A key aim of the initiative is to reduce fuel poverty and maximise disposable income.

## **5. RECOMMENDATIONS**

**5.1** The Executive is asked to approve:

- 1.** That the tendering process to secure an Energy Supply Partner is taken forward.



**2. That, following procurement, the Council and the successful Provider will establish a business model for the marketing and supply of energy and seek further approval by the Executive.**

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

**6.1** Meeting Carlisle's current and future housing needs is a priority in the Carlisle Plan. This report presents specific proposals to address the Council's priority to tackle fuel poverty.

**Contact Officer: Robert Cornwall**

**Ext: 7314**

**Appendices Appendix 1 : JMT Briefing Paper  
attached to report:**

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

- **None**

### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's -**

**Deputy Chief Executive –**

**Economic Development –**

**Governance** – The Local Government Act 2000 (Section 2) provides that the Council has the power to do anything which it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of its area. The power may be used in relation or for the benefit of the whole or any part of the community or all or any persons present or resident in the Council's area.

The Council is able to incur expenditure; give financial assistance to any person; enter into agreements or arrangements with any person; co-operate with, or facilitate or co-ordinate the activities of any person; exercise on behalf of any person any functions of that person; and, provide staff, goods, services or accommodation to any person. In exercising the power, the Council must have regard to its Community Strategy. These are the types of matters which the Council will be involved with should it proceed to partner with an energy supply company.

Reference is made in the report to procurement and it is apparent that the sums involved required an OJEU procurement process. Any agreement with a successful bidder must be properly documented in an appropriate contract.

#### **Financial -**

The financial implications of this proposal cannot be quantified as yet but if Members approve the procurement process, which must be carried out in line with Contract Procedure Rules and an OJEU process, then a full financial appraisal and business model detailing the financial consequences will be reported to a future meeting of the Executive. Any new partnership arrangements which are established as a result of the process must comply with the Council's Partnership guidance notes with all associated risks being identified and assessed.

#### **HR -**

#### **Local Environment –**

## **Energy Supply Partner**

### **Introduction**

This report outlines the background, policy context and mechanics for the development of the Council becoming an Energy Supplier.

### **Background**

Across the UK and the Republic of Ireland there has been a growing disquiet with perceived failings in the energy market and the escalating costs of energy. Within the local government sector, Councils are increasingly concerned that the market is not just “broken” but is failing local communities, particularly the poorest groups suffering from increased levels of fuel poverty.

Within a policy context of potential future reforms to the energy market, there are a number obvious reasons for considering increased activity in the development of energy policy in Carlisle. These include:

The City Council is a large consumer of energy and energy prices can markedly affect the Council's cost base for delivering services. The impact of fuel poverty in the District also has a significant impact on the Health and Wellbeing of the locality.

The 2012 Private Sector Stock Condition survey highlighted that around 22.2% private sector households (owner occupiers and private tenants) were in fuel poverty. As energy prices have increased significantly since 2012, it is assumed that the estimated 9,000 households in fuel poverty will have increased.

### **Policy context**

An influential report by the policy think-tank, the Institute for Public Policy Research (IPPR), outlines five potential business models for Local Authorities to meet their objectives for engaging with the energy sector and developing energy supply :

1. Becoming a fully licensed supplier (a full, definitive Energy Supply Company) e.g. Nottingham City Council.
2. Going into a joint venture with an independent supplier.
3. Operating a 'licence lite' approach where the Council becomes a junior supplier. The Greater London Authority is pursuing this approach
4. Establishing a partnership with an existing supplier in which energy is provided using the supplier's existing licence and the delivery of operational aspects of the business is shared. Ovo Energy has indicated that numerous local authorities

have inquired about establishing a partnership arrangement through their 'Ovo Communities' offering. Plymouth City Council have signed up to this deal.

5. Creating a white label - the Council licenses use of its brand to an existing supplier who uses it to market to local companies. An example of a white label approach is Sainsbury's – the supplier is Centrica/British Gas.

The appendix to the IPPR report includes a detailed analysis of the pros and cons of the different options, to assist local authorities in determining the appropriate model they might pursue.

Table 1.1 summarises this analysis using a traffic light system in which green indicates 'positive', orange 'average' and red 'negative'. Further commentary is provided under each heading below.

	Fully licensed supplier	Joint venture	Licence lite	Partnership	White label
Ease of set up	Red	Orange	Orange	Green	Green
Start up costs	Red	Orange	Orange	Green	Green
Operational complexity	Red	Orange	Orange	Green	Green
risks	Red	Orange	Green	Green	Orange
Income generation potential	Green	Orange	Orange	Orange	Red
control	Green	Green	Orange	Orange	Red
Ability to promote local generation and set local tariffs	Green	Green	Green	Green	Red

## Ease of set up

Regulatory conditions dictate that establishing a new energy supply business is burdensome and complex. The 'white label' option presents the simplest set-up option as it only requires a contract to be established with an existing supplier. The 'partnership' model requirements will be on establishing contractual terms with the existing supplier and resourcing delivery of the operational tasks it intends to take responsibility for.

## Start up costs

In part due to the high regulatory burden, the set-up costs for establishing a new energy supplier are high. As there are no regulatory conditions to be satisfied under the 'partnership' model, set-up costs would be lower but investment would be needed to

establish facilities for delivering operational aspects of the business. Set-up costs under the 'white label' scheme would be negligible.

## **Risks**

The central risk with establishing a new supply business is that it will not be profitable and ultimately go bankrupt, incurring substantial financial losses and reputational damage for a local authority as a result. The risk of failure is significant because running a profitable energy supplier is far from easy.

To succeed, a new supplier has to build and maintain a significantly sized customer base by offering competitively priced tariffs while at the same time limiting its costs. Cornwall Energy (2013) has calculated that a new supply business should only be launched if a customer base of 20,000 customers can be built rapidly. There is a particular onus on an Authority -led supplier to ensure it offers competitively priced tariffs if it is supplying low-income households.

Both the 'fully licensed supplier' and 'joint venture' options face the highest risk of failure. The reputational risk to the authority is the same for both models but the financial risk is shared with third parties under the 'joint venture' model

While exactly how 'licence lite' will operate in practice remains to be seen, the risk of outright failure by the business is likely to be substantially lower than with 'fully licensed supplier' and 'joint venture' as it should ultimately be dictated by the business health of the 'senior supplier'. However, the authority will still have some responsibility for balancing, which means there could be a risk of high costs.

The risk of outright failure under the 'partnership' model is likely to be similar to 'licence lite'. However, the risks of higher prices due to poor delivery should be significantly lower because the authority can rely on the existing trading capabilities of the third party supplier.

The 'white label' model has similar advantages to the 'licence lite' and 'partnership' models for reducing risk, but gives rise to a new set of risks because the authority has little control over the activities and operations of the supplier with which it is working.

## **Operational complexity**

Running an energy supplier is a very complex business, with tasks including meeting regulatory conditions, trading wholesale energy, and carrying out consumer-facing activities such as billing, customer service and customer acquisition

One key advantage of the 'partnership model' when compared with 'fully licensed supplier' or 'joint venture' is that the business will be drawing on existing operational capabilities of the third party, rather than building them from scratch. This reduces risk and also produces benefits from economies of scale, for example in relation to trading capabilities, which should help to keep costs down

## **Income generation potential**

As with all of the criteria discussed here, the income generation potential depends on how the responsibilities of meeting licensing regulations and delivering the supply business are divided between a local authority and third parties.

The income generation potential is greatest with 'fully licensed supplier', since in this model the authority is taking on all of the responsibility for the business. However, it is important to restate that running a profitable energy retailer is far from easy. The income generation potential from 'white label' is the lowest because the model involves the least direct involvement by an authority. There will be some flexibility under a partnership agreement to deliver an income stream.

## **Control**

The 'fully licensed supplier' model offers the authority greatest control over their business because they will retain ownership of the supply licence; under the 'partnership model' a degree of control is ceded to a third party. An effective contractual agreement and relationships with the third party supplier will be required to mitigate any risks this poses. The degree of control under the 'white label' model is very limited.

## **Ability to promote local generation and determine local tariffs**

In effect all of the models, except for 'white label', offer an authority the opportunity to support local generation projects and offer bespoke local tariffs. With the 'fully licensed supplier', 'joint venture' and 'licence lite' models, this control is integral to the authority's full or part ownership of the supply licence. In the partnership model this control should be integral to the contractual arrangement that is entered into with the third party.

## **Summary**

A partnership model offers the best balance between risk and reward – offering opportunities to engage with our communities to reduce fuel poverty, while offering a potential income stream.

## **Next Steps**

In May 2014 Ovo Energy announced their OVO Communities offer. This made it possible for community groups and local authorities to become partners with an Energy company in the energy supply market; removing some of the barriers to entry that had existed previously.

The main difficulty, prior to this, for a Local Authority in becoming an energy supplier is that it needed a license from Ofgen and back office functions and systems to comply with regulation. The Greater London Authority is currently progressing an application to

gain a license but only in a limited way in order to sell to other businesses the excess energy generated from the London Tube system.

The necessary requirements to become an energy supplier are complex and involve, for example, a number of IT related steps bound by regulation. This complexity has prevented new entrants from entering the market especially if they are from the community or local authority environment. Any new entrant would also need to have access to the wholesale energy market or be able to generate their own energy for sale into the market. They would also have to set up their own customer service and billing operations.

If the Council decided to take steps to become an Energy Supplier and procure a partner, a first step would be to explore the market by asking companies to express an interest in partnering with Carlisle Council in energy supply. This may also give us the opportunity to find other potential partners other than OVO Communities.

For any Energy Supply Partner, there would be clear benefits in using the trusted and reliable brand of the Council as a way of marketing their offer to residents. The key objective would be to switch new customers to their company's offer.

For the Council, the benefits of becoming an energy supplier would be that it could generate income for the local authority through selling energy which is either sourced from the Partner or that the Council has generated itself and offer help to disadvantaged groups to reduce their bills such as those on pre-payment meters.

For residents, the arrangement also would potentially provide access to cheaper tariffs and other benefits such as smart meters replacing prepayment meters for vulnerable groups who cannot access cheaper tariffs - typically 25% more expensive than tariffs found through direct debit and online. This will help people with their bills and free up household income to grow the local economy.

Currently Energy Suppliers are only able to offer 4 national tariffs, a potential partner might offer one of these tariffs for use by the Authority to market and sell to its residents. Becoming an energy supplier would also enable the Council to sell its own power into the market.

As an example of the partnership model that might be used, OVO have produced a 'Next Steps' document which is attached to this report as an appendix for illustrative purposes. OVO have also just set up their first partnership in Plymouth, a press release can be found at:

<http://www.ovoenergy.com/communities-plymouth-partnership/>

## **Proposed Timeline**

It is proposed that we should first seek expressions of interest through a soft market testing exercise. If we are successful in attracting a prospective partner or partners it will then be possible to offer them a chance to tender to a specification. This will set out the requirements that the Council will expect of a Partner and ask them to set out their proposals and make clear their financial offer to the Council.

1. A Report to JMT seeking approval for a Portfolio Holder's Decision to allow the soft marketing exercise for an Energy Supply Partner and the exploration of the business model to take place.
2. The Soft market testing exercise is carried out via Chest (and a PIN) seeking expressions of interest from potential partners.
3. The business model and the tendering process for procuring a Partner, from those who have expressed an interest, is presented as a report to Executive seeking approval to proceed setting up the model and procuring the Partner under OJEU.
4. Subject to approval by Executive, the procurement process is begun under OJEU and the steps to establish the business model taken forward.
5. After the Partner has been procured, contractual arrangements agreed and the business model put in place.
6. Marketing of the offer to Carlisle residents.

## **Conclusion**

Becoming an energy supplier would allow the Council to maximise the income from future generation of energy and gain an income stream.

The offer to residents would also be substantial in that we can give residents the opportunity of obtaining cheaper electricity and gas, which would reduce fuel poverty and have a significant effect on their ability to spend money both in the local economy and to manage their household budgets. We could also offer changing card meters to smart meters to some of our most vulnerable residents. This would give them the opportunity of gaining from the cheaper tariffs normally only available to direct debit customers.

This offer could also be coupled with other energy efficiency measures and services to help both improve homes and save residents money on their energy bills.

Robert Cornwall  
October 2014



## OFFICER DECISIONS

Below is a list of decisions taken by Officers which they have classed as significant, full details can be viewed on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk):-

### **OD.044/14                      Disabled Facilities Grant (DFG) Repayment**

**Officer who made decision:** Director of Economic Development following consultation with the Communities, Health and Wellbeing Portfolio Holder, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Communities, Health and Wellbeing

#### **Subject Matter:**

A request has been received for the Council to waive the repayment on a DFG Repayment under the Scheme of Housing Assistance (Empty Properties and Disabled Facilities Grant) for a property in Carlisle.

The Housing Renewal Assistance policy document lays out the reasons for using discretion to waive the payment, the relevant portfolio and service director are approved to make the final decision.

**Summary of Options rejected:** Repayment of Disabled Facilities Grant which may prevent applicant buying appropriate property. Detrimental effect to applicant's wellbeing.

#### **DECISION:**

Decision required referring to waive Disabled Facilities Grant repayment of £3458.24

#### **Reasons for Decision:**

The decision had been made to waive the requirement to repay the DFG on the grounds that the family are likely to suffer financial hardship as a result of having to repay the DFG. Financial hardship to applicant where they have considered alternative home ownership for applicant needs.

**Date Decision Made :** 05-Dec-14

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## OFFICER DECISIONS

Below is a list of decisions taken by Officers which they have classed as significant, full details can be viewed on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk):-

### **OD.001/15                      Energy Supply Partner**

**Officer who made decision:** Director of Economic Development, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Communities, Health and Wellbeing & Economy, Enterprise and Housing

#### **Subject Matter:**

Approval to carry out a soft market testing exercise to seek a partner for the supply of energy.

**Summary of Options rejected:** None

#### **DECISION:**

To approve the carrying out of a soft market testing exercise to seek a partner for the supply of energy.

#### **Reasons for Decision:**

To allow the exercise to take place so the Council can explore the opportunities and risks in partnering with an energy company to supply energy to Carlisle residents; looking at the possible benefits to vulnerable groups such as those who are, for example, on pre payment meters, giving them the opportunity to reduce their bills.

**Date Decision Made :** 04-Nov-14

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### **OD.002/15                      Carlisle Pools Repairs**

**Officer who made decision:** Deputy Chief Executive, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Culture, Leisure and Young People

#### **Subject Matter:**

Throughout Autumn 2014 the Pools suffered a series of plant, and plant related breakdowns, necessitating some short closures and significant repairs.

In light of the extensive maintenance logs held by CLL, the normal 'life expired' nature of some of the older plant, and ongoing consideration of future pools provision, Carlisle City

Council had agreed to review maintenance provision and support on a case by case basis in the short term.

**Summary of Options rejected:** The alternative option would have been to with hold funding which may have led to contractual dispute with CLL and increased the risk of further facility closures

#### **DECISION:**

To provide £16,000 of repair and maintenance funding/support to CLL for works to Pools plant outside of contractual requirements/liabilities. Funding will be drawn from the existing planned and reactive maintenance Pools budgets (which were under-spent to date)

#### **Reasons for Decision:**

To ensure service continuity at the Pools and reduce the risk of future plant break downs and facility closures.

**Date Decision Made :** 07-Jan-15

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**OD.003/15**                      **Arts Council Grant**

**Officer who made decision:** Deputy Chief Executive, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Culture, Leisure and Young People

#### **Subject Matter:**

In October 2014 Carlisle City Council submitted an Arts Council Grant for the Arts funding bid for £39,178 to support the opening programme at the Old Fire Station in 2015/16.

In December 2014 the Arts Council responded saying that the application had been approved and invited Carlisle City Council to accept funding of up to £39,178 subject to their standard conditions for payments of grants. In summary these are to duly acknowledge the Arts Council in relevant marketing and publicity activity, use the funding strictly in accordance with the original bid proposals, and to provide mid-term and end project activity reports.

**Summary of Options rejected:** The alternative option would have been to decline the funding. This would have reduced the scope and quality of the opening programme at the Old Fire Station and was therefore rejected.

#### **DECISION:**

To accept the Arts Council grant award and their standard grant award conditions.

**Reasons for Decision:**

To support the opening programme for the Old Fire Station and ensure development and delivery of content and events in line with the business plan for the Arts Centre.

**Date Decision Made :** 07-Jan-15

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**OD.004/15 Termination of Covalent Contract**

**Officer who made decision:** Policy and Communications Manager, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Finance, Governance and Resources

**Subject Matter:**

Performance Management System

**Summary of Options rejected:** Continuation of the contract considered for risk management but the cost of maintaining the service did not justify a single use.

**DECISION:**

We have given Covalent three months notice of our intention to terminate the contract for Covalent. This contract will end in April 2015.

**Reasons for Decision:**

We have developed Microsoft Project Server and Sharepoint as an alternative tool for managing projects and risks. Performance indicators will be managed in Sharepoint.

**Date Decision Made :** 23-Dec-14

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**OD.005/15 Green Box Collection Contract Award**

**Officer who made decision:** Director of Local Environment, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Environment and Transport

**Subject Matter:**

## Tender outcome of Green Box Collection Procurement

**Summary of Options rejected:** Not to award the contract to FFC Environment Services (UK) Ltd.

### **DECISION:**

Decision to award the Green Box Collection Contract to FCC Environment Services (UK) Ltd

### **Reasons for Decision:**

Executive delegated authority to the Director of Local Environment in consultation with the Portfolio Holder to undertake the necessary procurement for up to one year with potential to extend for one further year.

The contract is awarded to FFC Environment Services (UK) Ltd.

**Date Decision Made :** 09-Jan-15

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### **OD.006/15 Temporary Stop Notice**

**Officer who made decision:** Director of Economic Development, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG

**Relevant Portfolio Area:** Economy, Enterprise and Housing

### **Subject Matter:**

Breach of planning control relating to the operation of a car wash at King Street, Carlisle.

**Summary of Options rejected:** Prosecution in the Magistrates Court will be considered following service of the Temporary Stop Notice.

### **DECISION:**

To authorise officers to serve a Temporary Stop Notice.

### **Reasons for Decision:**

The Temporary Stop Notice is issued by the Council, in exercise of its powers in Section 171E of the Town and Country Planning Act 1990, because they consider that it is expedient that the activity specified in the notice should cease on the land.

**Date Decision Made :** 07-Jan-15

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# JOINT MANAGEMENT TEAM

15<sup>th</sup> December 2014

## MINUTES

<b>Present:</b>	Councillors Colin Glover (Chair), E Martlew, A Quilter, J Riddle, H Bradley and L Tickner  D Crossley, A Culleton, J Gooding, M Lambert, P Mason, J Meek, G Capstick
<b>Apologies:</b>	

<b>49/14 JMT – JMT Minutes of previous meeting</b>	<b>Action</b>
The minutes of the previous meeting were agreed.	
<b>50/14 JMT – V4 Services, Leisure Review</b>	<b>Action</b>
Steve Laird from V4 Services gave a presentation on delivering leisure services and facilities in Carlisle and a discussion took place. V4 have been engaged through the Local Government Association capacity building fund to provide independent advice to the City Council on procuring leisure services.	
<b>51/14 JMT – Forward Plan of Executive Decisions</b>	<b>Action</b>
The forward plan of Executive Key Decisions was agreed.	
<b>52/14 JMT– Forward Plan of JMT</b>	<b>Action</b>
The forward plan for future JMT meetings was agreed.	

The meeting ended at 18.15





# Report to Executive

Agenda  
Item:  
  
**A.6**

Meeting Date: 2<sup>nd</sup> February 2015  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and  
Budget Framework YES  
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:  
APRIL TO DECEMBER 2014  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD 57/14

**Purpose / Summary:** This report provides an overview of the Council's overall budgetary position for the period April to December 2014 for the revenue budget only. The revenue report includes details of balance sheet management issues, high-risk budgets and performance management.

## Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2014;
- (ii) Note the potential forecast year end position;
- (iii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9; and
- (iv) Make recommendations to Council to approve the establishment of the Improvement & Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

## Tracking

Executive:	<b>2<sup>nd</sup> February 2015</b>
Overview and Scrutiny:	<b>5<sup>th</sup> March 2015</b>
Council:	<b>3<sup>rd</sup> March 2015</b>

## 1. BACKGROUND INFORMATION AND OPTIONS

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

## 2. REVENUE BUDGET OVERVIEW

- 2.1 The following statement shows the total annual revenue budget as at December 2014:

2014/15 Revenue Budget	£
Approved Budget (Council resolution – February 2014)	12,500,900
Carry forward requests (2013/14 out-turn)	767,600
<b>Council Resolution 2014/15</b>	<b>13,268,500</b>
Non-Recurring Expenditure (note 1)	
Transformation Costs (Transformation Reserve)	(13,000)
<b>Updated Budget 2014/15</b>	<b>13,255,500</b>

Note (1) Voluntary Redundancy savings used to replenish the earmarked reserve, partly offset by the use of earmarked reserves to fund 2014/15 expenditure

### 3. 2014/15 BUDGET MONITORING

3.1 The summarised budgetary position as at December 2014 is shown below:

Directorate / Appendix		Annual Net Budget	Net Budget to date	Net Spend to date	Adjusted Variance
		(£)	(£)	(£)	(£)
Chief Executive's Team	A1	589,500	358,852	338,327	(20,525)
Deputy Chief Executive's Team	A2	4,256,600	3,528,477	3,506,238	(22,239)
Economic Development	A3	2,724,700	1,818,022	1,530,909	(287,113)
Governance	A4	(1,763,600)	(2,162,602)	(2,232,149)	(69,547)
Local Environment	A5	6,157,900	4,526,109	4,050,720	(475,389)
Resources	A6	1,290,400	(2,375,327)	(2,648,008)	(272,681)
<b>Total</b>		<b>13,255,500</b>	<b>5,693,531</b>	<b>4,546,037</b>	<b>(1,147,494)</b>

3.2 Further details for each directorate can be found in **Appendices B1 – B6**. Each appendix shows a breakdown of the variance for the Directorate, with comments and a note of any performance issues.

3.3 The figures for the Resources directorate in the above table and attached **Appendix B6** include corporate budgets held centrally.

### 4. KEY ISSUES

4.1 The corporate Salary Turnover Savings target for 2014/15 is £412,500. Savings from staffing budgets across the authority are measured and transferred to it throughout the year. A summary of direct staffing expenditure to the end of December 2014, including transfers to Salary Turnover Savings, is provided in the table below. Members should be aware that approximately 80% of turnover savings are currently within the Local Environment Directorate and this may be a potential issue in future years once all the service reviews have been completed.

Direct Employee Expenditure	Updated Budget	Budget to date	Actual to date	Variance to date	STOS to date	(Under)/Overspend
Directorate	£	£	£	£	£	£
Chief Executive's Team	1,173,300	880,981	879,174	(1,807)	(8,900)	7,093
Deputy Chief Executive's Team	302,400	219,409	218,459	(950)	(1,600)	650
Economic Development	2,442,900	1,854,935	1,775,865	(79,070)	(28,800)	(50,270)
Governance	1,356,500	1,004,352	985,439	(18,913)	(22,800)	3,887
Local Environment	4,823,000	3,624,642	3,294,066	(330,576)	(309,600)	(20,976)
Resources	2,352,000	1,765,624	1,743,351	(22,273)	(10,600)	(11,673)
<b>Total</b>	<b>12,450,100</b>	<b>9,349,943</b>	<b>8,896,354</b>	<b>(453,589)</b>	<b>(382,300)</b>	<b>(71,289)</b>
Savings Target to Date					(309,417)	
<b>(Over)/Under Achieved to Date</b>					<b>(72,883)</b>	

## 5. FORECAST OUTTURN POSITION 2014/15

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

These include:

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

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

### Income

- Projected over achievement in investment income of £50,000
- Projected shortfall on rental income from The Lanes of £77,000
- Projected surplus income from other Property rents of £116,000 due to rent reviews and back dated rent collected. £50,000 from this additional income may be required to be carried forward at year end to honour committed expenditure for costs in future years for rent reviews commissioned, and a 3 year asset valuation contract.
- Projected net overspend position in Car Parking of £100,000 mainly due to shortfalls in income on external car parking contracts.

### Expenditure

- Projected savings on past pension service costs of £113,000
- Projected over achievement of salary turnover savings of £70,000

- Projected savings on inflation of £58,500
- Projected transformation savings achieved early of target of £147,500

This would give the Council a net underspend position (after carry forwards for any committed expenditure) of £328,000.

- 5.3 The City Council's share of the Retained Business Rate Collection Fund deficit at 31 March 2014 was £163,430. This deficit is recovered during 2014/15 and as the budget assumed additional growth and the benefit of Pooling of £500,000 these will have an impact on the final year end underspend position. Pooling and Growth are anticipated to be broadly in line with the budgeted estimate of £500,000 but recovery of the brought forward deficit is likely to impact the final outturn.
- 5.4 The Capital Strategy (RD19/14) approved by Council in September 2014 highlighted that the capital resources available to support the capital programme are reducing, and due to projects currently under consideration, the capital programme for 2015/16 to 2019/20 may require the use of Prudential Borrowing (including internal borrowing). It is proposed that an Improvements & Renewals Reserve be established and a balance of up to £300,000 from the projected year end underspends, is transferred to the Reserve which will help to negate the need for Prudential Borrowing in future years. It is further recommended that management of the Reserve rests with the Director of Resources with the use of the Reserve requiring Executive approval.
- 5.5 **Carry forward requests will be considered in line with the Council's Constitution as part of the year end process. However, a more robust and stringent approach will be taken where carry forwards will be strictly limited to those where there is evidence of contractual commitments to expenditure.**
6. **HIGH RISK BUDGETS**
- 6.1 A number of high-risk budgets have been identified which require detailed monitoring throughout the year. These particularly include income budgets, recurring and non-recurring bids, approved in the 2014/15 Council Resolution.
- 6.2 The summarised position of income budgets deemed to be high risk is as follows:

Budget Area	Directorate	Annual Budget £	Budget to date £	Actual to date £	Variance £	para.
Hostels	ED	(535,500)	(401,685)	(472,243)	(70,558)	6.3
Building Control	ED	(322,400)	(244,329)	(277,572)	(33,243)	6.4
Development Control	ED	(521,500)	(401,867)	(470,073)	(68,206)	6.5
Enterprise Centre	ED	(101,400)	(76,064)	(73,721)	2,343	6.6
Tourist Information Centres	ED	(143,400)	(119,983)	(87,333)	32,650	6.7
Land Charges	Gov	(172,000)	(129,019)	(122,118)	6,901	6.8
Industrial Estates	Gov	(2,503,700)	(2,025,600)	(2,121,456)	(95,856)	6.9
Lanes	Gov	(1,383,300)	(1,383,300)	(1,306,342)	76,958	6.10
Cemeteries	LE	(292,300)	(218,850)	(193,428)	25,422	6.11
Crematorium	LE	(926,800)	(676,234)	(665,006)	11,228	6.11
Off Street Parking	LE	(1,077,600)	(861,558)	(845,048)	16,510	6.12
On Street Parking	LE	(330,300)	(253,671)	(249,073)	4,598	6.12
External Parking Contract	LE	(213,000)	(159,750)	(92,118)	67,632	6.12
Bring Sites	LE	(181,000)	(137,832)	(131,515)	6,317	6.13
Garden Waste	LE	(499,700)	(440,234)	(515,650)	(75,416)	6.13
Bulky Waste/Special Collections	LE	(37,700)	(28,280)	(27,738)	542	6.13
Green Box Collection	LE	(301,800)	(223,211)	(220,023)	3,188	6.13
Plastics & Card	LE	(174,300)	(130,378)	(171,901)	(41,523)	6.13

- 6.3 The income target for **Hostels** is lower than for the previous year. Income is in excess of the new target by 17.6% to date.
- 6.4 The income levels from **Building Control** fees continue to challenge the service managers and spending is held at the lowest possible level in an attempt to minimise the effect should any shortfall in income arise. Income is currently in excess of the target by 13.6%.
- 6.5 Fee income from **Development Control** charges has been increasing in recent years due to an increase in planning applications received since the economic downturn. A non-recurring budget pressure of £45,000 has reduced the income target for this year to a level that is now likely to be exceeded. Income is 17% more than the target to date.
- 6.6 The income target for the **Enterprise Centre** is lower than the previous year by a non-recurring budget pressure of £40,000. Income received to date is more or less in line with the target to date.
- 6.7 Income generated from sales at Carlisle's **Tourist Information Centre** has been affected by its relocation whilst building improvements were carried out at the Old Town Hall and although it was expected that the refurbishment and changes would reverse this position on re-opening, income is down 27% against the target to date.

- 6.8 The annual budget for income from **Land Charges** has increased by £6,300 from 2013/14. The current activity levels are below the improved target by 5%.
  
- 6.9 Adjustments for rent recovered from **Industrial Estates** now sold have helped in 2013/14 to offset the full effects of the downturn in the property market. Further rent reviews have improved income levels for 2014/15 to 4.7% higher than the target to date.
  
- 6.10 Income from the **Lanes** continues to be affected by the number of empty units, and is down approximately 6% against the target for the first nine months with a shortfall of £77,000 projected for the year end. An additional shortfall of £80,700 for an adjustment to the 2013/14 Head Rent has been accommodated from back rent received on other properties.
  
- 6.11 There was a small surplus of less than 1% on **Bereavement Services** income at the end of last year. Income targets for 2014/15 are 8.9% higher than 2013/14 and income is currently falling short of the target for the first nine months by 4%.
  
- 6.12 Income generated from **Car Parking** has been consistently lower than the level budgeted for a number of years and significant changes to the charging strategy were introduced after a review undertaken in 2012. Parking income budgets have been reduced this year and there is a deficit of 1.9% against the new level up to the end of December 2014. The shortfall in income for External Parking Contract is from the management fee income which is based on the number of PCNs, Patrols costs, and cash collection fees where applicable.
  
- 6.13 The total income from the various **Waste and Recycling Collection Services** is 11% higher than the expected levels up to the end of the third quarter of 2014/15. Garden Waste and Plastic and Card income are currently above target by 17% and 32% respectively.

## **7. S.106 COMMUTED SUMS**

- 7.1 As at December 2014 balances totalling £1,774,296 are held in respect of Section 106 agreements and other commuted sums, with a further £5,055,587 expected. The expected sums, for the most part, relate to agreements for sites yet to be developed and include negotiated items that, in view of the terms of the agreement, may not be due until later phases of development. These sums are to be used for the provision and future maintenance of public open spaces, school buildings, children's play areas, cycleways and transport facilities etc.

- 7.2 The City Council acts as custodian only for £1,175,504 of the sums held, in respect of projects for which Cumbria County Council is responsible, including the Public Realm. Should the County Council not progress these projects, or they remain incomplete within the agreed deadlines, the custodial sums must be repaid, along with a premium for interest, to the Developers. A summary of the balances retained is set out in the table below:

Commuted Sums 2014/2015	Opening Balance & Receipts (£)	Spend (£)	Retained Balance Dec 2014 (£)	Expected Sums (£)
Affordable Housing Contributions	21,250	0	21,250	254,373
Public Realm	706,056	5,307	700,749	0
Education	0	0	0	3,500,000
Play Areas & Facilities	281,608	117,805	163,803	417,896
Public Open Spaces Provision/Maintenance	417,195	8,736	408,459	237,669
Habitat	0	0	0	100,000
Waste	5,280	0	5,280	3,780
Sports Provision/Maintenance	0	0	0	48,584
Transport & Pedestrianisation	474,755	0	474,755	493,285
<b>Total</b>	<b>1,906,144</b>	<b>131,848</b>	<b>1,774,296</b>	<b>5,055,587</b>

## 8. DIRECTION OF TRAVEL

### 8.1 Balance Sheet Management

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

Balance Sheet item	Balance at 31/03/2014	Balance at Dec 2014	Note
Investments	£19.15m	£20.6m	(i)
Loans	£15.0m	£15.0m	(ii)
Debtors	£1.10m	£1.84m	(iii)
Creditors	£0.04m	£0.10m	

- (i) The anticipated return on investments for 2014/15 is estimated at £226,100 with current projections anticipated to be above this level due to the approval by Council to include the use of the CCLA managed LAMIT Property Fund in the Council's investment portfolio.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,319,600 in 2014/15 with costs currently on target. There are no proposals for further borrowing during 2014/15.



- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR and Housing Benefit overpayments.
- (iv) Use of Reserves: The usage and level of all Council reserves are set out in the Medium Term Financial Plan (RD18/14), approved by Council in September 2014. It is anticipated that £0.7m will be required from the Council's Revenue Reserves to fund expenditure in 2014/15, including £767,600 of 2013/14 carry forwards. Any under or overspend at the year end will adjust the balance transferred to or from the reserve. Council reserves are under significant pressure for 2014/15 and the savings strategy approved in February 2014 will help to resolve the projected deficit. However, further savings must be identified to replenish usable revenue reserves to the minimum required.
- (v) The Council's VAT partial exemption calculation for the period ending December 2014 is still being calculated but is likely to be well below the 5% limit set by HMRC.

## 9. BAD DEBT WRITE-OFFS

- 9.1 The Director of Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £403,887.51 have been written off during Quarter 3. A summary of bad debts is given in Table 1, **Appendix C** of this report and these costs will fall against the following:

	£
General Fund	22,817.75
Council Tax (Collection Fund)	37,683.62
NNDR	343,386.14
Total Write-offs	403,887.51

- 9.2 The "write-ons" itemised in Table 2, **Appendix C**, totalling £61,343.26, are in respect of balances originally written off that have since been paid, credit write-offs for Quarters 3. The write-ons will be credited as follows:

	£
General Fund	1.08
Council Tax (Collection Fund)	2,885.42
NNDR	58,456.76
Total Write-offs	61,343.26

9.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However, VAT, which has been identified separately, will be recouped in future VAT returns. HRA debts and provisions have transferred to the General Fund and any write-off/write-on of Council Tax will fall against the pool provisions within these accounts. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.

9.4 At this stage of the year, the level of bad debts is broadly in line with expectations and at this level will be within the scope of the current provisions to fund the bad debts. This situation is continuously under review and any major deviations will be reported as part of the outturn report.

## **10. CONSULTATION**

10.1 Consultation to date.

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

10.2 Consultation Proposed

Resources Overview and Scrutiny Panel will consider the report on 5<sup>th</sup> March 2015.

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

11.1 The Executive is asked to:

- (i) Note the budgetary performance position of the Council to December 2014;
- (ii) Note the potential forecast year end position;
- (iii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9; and
- (iv) Make recommendations to Council to approve the establishment of the Improvement & Renewals Reserve for up to £300,000 subject to the provisional out-turn position, as detailed in paragraph 5.4.

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

12.1 The Council's budget is set in accordance with the priorities of the Carlisle Plan and the position to December 2014 shows the delivery of these priorities within budget.

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**Appendices** A, B1 to B6, & C  
**attached to report:**

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

- **None**

**CORPORATE IMPLICATIONS/RISKS:** SMT and JMT have been involved in the preparation of this report. Risks to budgets and development of ongoing impact of issues identified are monitored carefully and appropriate action taken.

**Chief Executive's – N/A**

**Deputy Chief Executive's – N/A**

**Economic Development – N/A**

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

**Local Environment – N/A**

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

## REVENUE BUDGET MONITORING 2014/15

## VIREMENTS PROCESSED FOR PERIOD OCTOBER TO DECEMBER 2014

Date	Virement Details	Permanent/ Temporary	Value	Authorised By
<b>Requested by Officers (under £35,000)</b> 25/11/2014	Movement of Corporate Budgets to fund increasing level of Bank Charges.	Permanent	20,600	Director of Resources
<b>Approved by Executive (£35,000 to £70,000)</b>				
<b>Approved by Council (over £70,000)</b>				

## REVENUE BUDGET MONITORING 2014/15

CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	2,882,400	(108,800)	(2,184,100)	<b>589,500</b>
Budget to date	2,088,864	(102,146)	(1,627,866)	<b>358,852</b>
Total Actual	2,081,567	(114,839)	(1,628,401)	<b>338,327</b>
<b>Adjusted Variance</b>	<b>(7,297)</b>	<b>(12,693)</b>	<b>(535)</b>	<b>(20,525)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Miscellaneous	1	(7,297)	(12,693)	(535)	(20,525)
<b>Total Variance to date</b>		<b>(7,297)</b>	<b>(12,693)</b>	<b>(535)</b>	<b>(20,525)</b>

Note	Chief Executive's Team - Comments
1.	Various net minor underspends and surplus income across the service.

## REVENUE BUDGET MONITORING 2014/15

DEPUTY CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	4,649,500	(214,300)	(178,600)	<b>4,256,600</b>
Budget to date	3,782,021	(119,575)	(133,969)	<b>3,528,477</b>
Total Actual	3,820,932	(180,744)	(133,950)	<b>3,506,238</b>
<b>Adjusted Variance</b>	<b>38,911</b>	<b>(61,169)</b>	<b>19</b>	<b>(22,239)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Miscellaneous	1	38,911	(61,169)	19	(22,239)
<b>Total Variance to date</b>		<b>38,911</b>	<b>(61,169)</b>	<b>19</b>	<b>(22,239)</b>

Note	Deputy Chief Executive's Team - Comments
1.	Various net overspends offset by surplus income across the service.

## REVENUE BUDGET MONITORING 2014/15

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	5,411,100	(2,153,400)	(533,000)	<b>2,724,700</b>
Budget to date	3,926,575	(1,708,746)	(399,807)	<b>1,818,022</b>
Total Actual	4,121,567	(2,175,538)	(415,120)	<b>1,530,909</b>
<b>Adjusted Variance</b>	<b>194,992</b>	<b>(466,792)</b>	<b>(15,313)</b>	<b>(287,113)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Building Control	1	(5,575)	(37,904)	0	<b>(43,478)</b>
Development Control	2	15,445	(72,802)	0	<b>(57,357)</b>
Hostels and Homeshares	3	25,545	(70,604)	0	<b>(45,059)</b>
Housing Regeneration	4	(49,054)	38,790	0	<b>(10,264)</b>
Home Improvement Agency	5	60,313	(165,849)	(15,370)	<b>(120,905)</b>
Miscellaneous	6	148,317	(158,423)	57	<b>(10,049)</b>
<b>Total Variance to date</b>		<b>194,992</b>	<b>(466,792)</b>	<b>(15,313)</b>	<b>(287,113)</b>

Note	Economic Development - Comments
1.	Surplus fee income received.
2.	Overspend on advertising & consultants fees; surplus fees income.
3.	Overspend on premises & supplies and services offset by surplus income on Housing Benefit contribution to rent.
4.	Underspends on salary costs; underachievement of LA fees on Disabled Facilities Grants.
5.	Surplus grant income in excess of expenditure to date. Balance will be required to fund expenditure in future years.
6.	Various net minor overspends and surplus income against budgets to date.

## REVENUE BUDGET MONITORING 2014/15

GOVERNANCE	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	4,810,000	(4,990,900)	(1,582,700)	<b>(1,763,600)</b>
Budget to date	3,305,887	(4,281,302)	(1,187,187)	<b>(2,162,602)</b>
Total Actual	3,475,927	(4,521,023)	(1,187,053)	<b>(2,232,149)</b>
<b>Adjusted Variance</b>	<b>170,040</b>	<b>(239,721)</b>	<b>134</b>	<b>(69,547)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Legal Services	1	(1,115)	(34,597)	33	<b>(35,679)</b>
Asset Disposal Costs	2	78,150	(500)	0	<b>77,650</b>
The Lanes	3	488	76,958	0	<b>77,446</b>
Industrial Estates and Other Properties	4	(13,823)	(141,263)	0	<b>(155,086)</b>
Miscellaneous	5	106,341	(140,319)	101	<b>(33,878)</b>
<b>Total Variance to date</b>		<b>170,040</b>	<b>(239,721)</b>	<b>134</b>	<b>(69,547)</b>

Note	Governance - Comments
1.	Underspend on supplies & services; surplus on Legal Services fees received.
2.	Costs associated with the disposal of assets. In accordance with Capital Finance Regulations, part of this expenditure can be funded from the capital receipts generated. The value will be calculated at year end..
3.	Shortfall on guaranteed rent income due to continuing effects of the recession. An additional pressure of £80,700 for an adjustment to the 2013/14 Head Rent has been accommodated from back rent received on other properties.
4.	Surplus rent income due to rent reviews and backdated rent income.
5.	Overspent expenses and surplus income across the service.



## REVENUE BUDGET MONITORING 2014/15

LOCAL ENVIRONMENT	Gross Expenditure	Gross Income	Recharges	Total
Position as at December 2014	£	£	£	£
Annual Budget	14,517,800	(5,863,900)	(2,496,000)	<b>6,157,900</b>
Budget to date	10,885,381	(4,486,355)	(1,872,917)	<b>4,526,109</b>
Total Actual	10,493,416	(4,570,016)	(1,872,680)	<b>4,050,720</b>
<b>Adjusted Variance</b>	<b>(391,965)</b>	<b>(83,661)</b>	<b>237</b>	<b>(475,389)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Environmental Health	1	(40,399)	(31,442)	(8)	<b>(71,849)</b>
Green Spaces	2	(41,329)	(64,445)	53	<b>(105,721)</b>
Misc Environmental Expenses	3	(30,127)	0	0	<b>(30,127)</b>
City Lighting	4	(51,256)	0	0	<b>(51,256)</b>
Other Parking Contracts	5	(35,998)	115,689	0	<b>79,692</b>
Recycling & Waste Collection	6	(90,174)	(113,445)	63	<b>(203,556)</b>
Clean Up Carlisle	7	(73,880)	0	0	<b>(73,880)</b>
Miscellaneous	8	(28,802)	9,981	129	<b>(18,692)</b>
<b>Total Variance to date</b>		<b>(391,965)</b>	<b>(83,661)</b>	<b>237</b>	<b>(475,389)</b>

## REVENUE BUDGET MONITORING 2014/15

Note	Local Environment - Comments
	<ol style="list-style-type: none"> <li>1. Underspend on supplies &amp; services; over achieved Pest Control income and Food Safety income.</li> <li>2. Underspend on transport and supplies &amp; services; surplus income &amp; grant income received of which some will require to be carried forward into 2015/16.</li> <li>3. Underspends on Councillors' small scale community schemes.</li> <li>4. Underspend on lighting maintenance and energy savings. Charging mechanism to be introduced for County works.</li> <li>5. Under budget expenses and partnership monies to be paid over; shortfall in income.</li> <li>6. Underspend on transport costs &amp; contract costs; surplus income from Garden Waste &amp; Plastics and Card.</li> <li>7. Underspend on supplies &amp; services. Budget required to fund scheme completion.</li> <li>8. Various minor underspends &amp; shortfalls in income across the service.</li> </ol>

## REVENUE BUDGET MONITORING 2014/15

RESOURCES	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at December 2014	£	£	£	£
Annual Budget	43,297,000	(35,734,900)	(6,271,700)	<b>1,290,400</b>
Budget to date	30,897,313	(28,454,734)	(4,817,906)	<b>(2,375,327)</b>
Total Actual	30,692,986	(28,581,772)	(4,759,222)	<b>(2,648,008)</b>
<b>Adjusted Variance</b>	<b>(204,327)</b>	<b>(127,038)</b>	<b>58,684</b>	<b>(272,681)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Civic Centre	1	(26,372)	(37,754)	68	<b>(64,058)</b>
Treasury and Debt Management	2	(5,009)	(24,672)	0	<b>(29,681)</b>
Non Distributed Costs	3	(90,880)	0	0	<b>(90,880)</b>
Other Financial Costs	4	(71,847)	(29,366)	0	<b>(101,214)</b>
Miscellaneous	5	(10,218)	(35,245)	58,616	<b>13,152</b>
<b>Total Variance to date</b>		<b>(204,327)</b>	<b>(127,038)</b>	<b>58,684</b>	<b>(272,681)</b>

## REVENUE BUDGET MONITORING 2014/15

Note	Resources - Comments
<ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> </ol>	<p>Underspend on premises costs&amp; third party payments; surplus rent for accommodation space &amp; phone aerals.</p> <p>Overachieved market deposit investment interest.</p> <p>Savings on shared service pension costs.</p> <p>Improvements in savings for Salary Turnover (£72,900). Surplus income including: Compensation Payment received (£8,800), Concession Sale (£16,200).</p> <p>Various minor underspends, surplus income offset by recharged expenses shortfall.</p>

**BAD DEBT PROVISION**

TABLE 1 Type of Debt	Write-Offs December 2014		Comments
	No.	£	
NNDR (General)	75	343,386.14	01/04/14 to 31/12/14
NNDR (PSCT)			
Council Tax	116	37,683.62	01/10/14 to 31/12/14
Debtors:			
Private Tenants			
Housing Benefit Overpayments	86	12,500.07	01/10/14 to 31/12/14
General Fund	11	175.69	01/10/14 to 31/12/14
Penalty Charge Notices:			
On Street	104	9,649.99	01/10/14 to 31/12/14
Off Street	6	492.00	01/10/14 to 31/12/14
Ex FTA Benefit			
<b>TOTAL</b>	<b>398</b>	<b>403,887.51</b>	

TABLE 2 Type of Debt	Write-Ons December 2014		Comments
		£	
NNDR (General)	20	58,456.76	01/04/14 to 31/12/14
Council Tax	11	2,885.42	01/10/14 to 31/12/14
Debtors:			
Private Tenants			
Housing Benefit Overpayments			
General Fund	8	1.08	01/10/14 to 31/12/14
Ex FTA Benefit			
<b>TOTAL</b>	<b>39</b>	<b>61,343.26</b>	



# Report to Executive

Agenda  
Item:  
  
**A.7**

Meeting Date: 2<sup>nd</sup> February 2015  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:  
APRIL TO DECEMBER 2014  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD58/14

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to December 2014.

## Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2014.

## Tracking

Executive:	<b>2<sup>nd</sup> February 2015</b>
Overview and Scrutiny:	<b>5<sup>th</sup> March 2015</b>
Council:	

## **1. BACKGROUND**

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

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

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

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

## **2. CAPITAL BUDGET OVERVIEW**

- 2.1 The following statement shows the annual capital programme for 2014/15:



<b>2014/15 Capital Budget</b>	<b>£</b>
<b>2014/15 Capital Programme (RD08/14 Council 15/07/14)</b>	<b>9,716,100</b>
Direct Revenue Financing - Vehicle Replacements	10,000
Reprofiling of Asset Review expenditure to 2015/16 (subject to Council Approval)	(1,800,000)
Direct Revenue Financing - Capital Enhancements to Council Properties (Equipment & Fittings at the Arts Centre)	26,000
Direct Revenue Financing - Castle Street Public Realm	9,100
<b>Revised 2014/15 Capital Programme (at December 2014)</b>	<b>7,961,200</b>
Less Capital Reserves to be released by Executive	(777,000)
<b>Revised 2014/15 Capital Programme (released)</b>	<b>7,184,200</b>

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

### 3. 2014/15 BUDGET MONITORING

3.1 The position statement as at December 2014 can be summarised as follows:

Directorate	Revised Annual Budget £	Budget to Date £	Spend to date £	Variance to date £	Para. Ref.
Chief Executive's Team	0	0	1,215	1,215	-
Deputy Chief Executive's Team	2,155,000	708,100	707,819	(281)	-
Economic Development	1,480,100	840,968	549,186	(291,782)	3.3
Governance	1,400,000	1,100,000	1,100,000	0	-
Local Environment	952,200	225,942	236,876	10,934	-
Resources	1,196,900	677,046	670,408	(6,638)	-
<b>Total</b>	<b>7,184,200</b>	<b>3,552,056</b>	<b>3,265,504</b>	<b>(286,552)</b>	

The accounting treatment for those schemes still to be released by the Executive has been amended for this year to remove the projects from the budget monitoring process until the budgets have been released.

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

3.2 As at the end of December, expenditure of £3,265,504 has been incurred. When considered against the profiled budget of £3,552,056 this equates to an underspend of £286,552.

3.3 The variance in Economic Development is attributable to the following:

- (i) An underspend on Disabled Facilities Grants. The take up of DFGs is reduced due to a reduced level of referrals being received. The position is being closely monitored to determine whether this will be an ongoing trend.
- (ii) An underspend on Empty Properties Initiative. A carry forward will be required at year end to honour commitments and allow the properties to be returned to use.

A further report will be presented to the Executive at a later date in relation to a new project being developed for Durranshill Industrial Estate. Additional funding is available to the City Council to support the proposed development and members of the Executive will be asked to consider whether to accept the offer of additional funding and to approve the inclusion of the proposed scheme within the Council's capital programme. The project will be entirely funded through external sources with no impact on the Council's capital resources.

- 3.4 A number of schemes are included in the capital programme for 2014/15 that require reports to be presented to the Executive for the release of funding before the projects can go ahead.

Scheme	Budget £	Note
Old Town Hall / Greenmarket	702,000	
Public Realm Improvements	75,000	
<b>Total Reserves to be released</b>	<b>777,000</b>	
Asset Review Expenditure	1,800,000	1

Note:

1. A request is made to Council to reprofile this expenditure from 2014/15 into 2015/16.

#### 4. FINANCING

- 4.1 The 2014/15 capital programme can be financed as follows:

	Original Budget £	Current Programme £
<b>Total Programme to be financed (para 2.1)</b>	<b>9,716,100</b>	<b>7,184,200</b>
Financed by:		
Capital Receipts (including PRTB receipts)	7,919,400	5,342,400
Capital Grants		
• Disabled Facilities Grant	663,000	663,000
• General	186,100	186,100
Direct Revenue Financing	187,800	232,900
Other Contributions	750,000	750,000
Earmarked Reserves	9,800	9,800
<b>Total Financing</b>	<b>9,716,100</b>	<b>7,184,200</b>

## 5. CAPITAL RESOURCES

5.1 The following table shows the position as at December 2014 of the capital resources due to be received during 2014/15:

	2014/15 Revised Budget £	2014/15 Actual £	2014/15 Not yet received £	Note
Capital Receipts				
• General	(510,000)	(207,449)	302,551	1
• Asset Review	(1,925,000)	(281,500)	1,643,500	
• Vehicle Sales	0	(41,600)	(41,600)	2
• Renovation Grants repaid	0	(2,188)	(2,188)	
• PRTB Sharing agreement	(150,000)	0	150,000	3
Capital Grants				
• Disabled Facilities Grant	(663,000)	(681,394)	(18,394)	
• Empty Property Initiative	(159,100)	(159,175)	(75)	
• General	(27,000)	0	27,000	
Capital Contributions				
• Section 106	(750,000)	(65,307)	684,693	4
• Disabled Facilities Grant	0	(7,000)	(7,000)	
• General	0	(2,833)	(2,833)	
<b>Total</b>	<b>(4,184,100)</b>	<b>(1,448,446)</b>	<b>2,735,654</b>	

Notes:

1. Receipts for 2014/15 are anticipated to be received from the Lovells agreement (£10,000), general capital receipts (£250,000) and the sale of hostel premises (£250,000).
2. Included within vehicle sales are receipts of £41,600 for individual vehicle sales that are below the de minimis of £10,000 for capital receipts. These will be

transferred to revenue at the year end and will be used to fund the capital programme in line with the capital strategy.

3. PRTB income for the year is received on 28 April following the year-end but is accrued into the relevant year. Based on the 7 sales as at December 2014, the current payment due to the Council for 2014/15 is £139,000; however it should be noted that updated information recently received from Riverside Group suggests that the income from PRTB receipts for 2014/15 is likely to be approximately £206,000 with a maximum of 9 sales projected during the year. This position is being monitored regularly and revised projections will be provided as part of the out-turn report.
4. Contributions from Section 106 agreements to Castle Way scheme (£340,400), Public Realm S106 (£349,600) and Dale End Road Play Area (£60,000).

## **6. BALANCE SHEET MANAGEMENT**

- 6.1 In line with CIPFA guidance and best practice, information relating to significant capital items on the Council's balance sheet is provided in this section. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis and will ensure that the Council is using its resources effectively and that appropriate governance arrangements are in place around the use of Council assets and liabilities.
- 6.2 Fixed assets are revalued on a five-year rolling programme to ensure that an up to date value is held in the balance sheet. The revaluation programme is the responsibility of Property Services. It should be noted that some expenditure will be incurred during the course of the year which can be correctly classified as capital expenditure, but which will not increase the value of any of the Council's assets. This expenditure is written off to the revaluation reserve or through the Comprehensive Income and Expenditure Account as appropriate.
- 6.3 The value of fixed assets is a significant part of the balance sheet. In the 2013/14 accounts, fixed assets totalled £151million (2012/13 £153million). This represents 91% of the net current assets of the City Council.
- 6.4 Debtors  
This relates to the amount of income due to the Council that has not yet been received. For capital items, this mainly relates to grants and contributions that the Council is able to claim towards funding capital expenditure, and receipts for the Council's share of the PRTB (Preserved Right to Buy) agreement. Generally capital

debtors arise due to timing differences where a cut off point occurs (e.g. the financial year-end) and/or expenditure has been incurred in advance of making the grant claim. As at December 2014 debtors of £75,104 (£754,716 at 31 March 2014) were outstanding for capital grants, contributions and receipts. PRTB receipts for 2013/14 were received in April in accordance with the agreement.

#### 6.5 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. For capital schemes this also includes retentions i.e. the amount due to the contractor after a specified period (normally one year) following the completion of a project; this time is used to assess and correct any defects outstanding on the scheme. Amounts earmarked for retention as at December 2014 totalled £44,695 (£135,503 at 31 March 2014).

### 7. PERFORMANCE

- 7.1 The 2014/15 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work is ongoing to continue to monitor the profiling of budgets, and these are adjusted to reflect progress in current capital schemes. It is likely that there will still be a requirement for some carry forwards at the year end due to further slippage and delays on projects. Members are reminded that budgets totalling £777,000 are being held in reserves until approved by Executive for release.
- 7.2 Senior Management Team will provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities will be managed by a Corporate Programme Board chaired by the Chief Executive. Decisions to proceed or otherwise with proposed projects will be made in the usual way in accordance with the Council decision making framework.
- 7.3 A review of all capital expenditure incurred is ongoing to ensure that the expenditure has been correctly allocated between revenue and capital schemes. This will facilitate the year end classification of assets.
- 7.4 The Revenue Budget Overview and Monitoring Report (RD57/14) considered elsewhere on the agenda recommends the establishment of an Improvements and Renewals Reserve with a balance of up to £300,000 from projected year end revenue underspends to help negate the need for Prudential Borrowing in future

years. It is further recommended that management of the Reserve rests with the Director of Resources with the use of the Reserve requiring Executive approval.

## **8. CONSULTATION**

### **8.1 Consultation to Date**

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

### **8.2 Consultation Proposed**

Resources Overview & Scrutiny Panel will consider the report on 5<sup>th</sup> March 2015.

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

### **9.1 The Executive is asked to:**

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to December 2014.

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

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

**Contact Officer: Emma Gillespie**

**Ext: 7289**

**Appendices A to G  
attached to report:**

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

- None

### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's – Not applicable**

**Deputy Chief Executive's – Not applicable**

**Economic Development – Not applicable**

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

**Local Environment** – Not applicable

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

**2014/15 CAPITAL PROGRAMME**
**APPENDIX A**

Scheme	Original Capital Programme 2014/15 £	Other Adjustments £	Revised Capital Programme 2014/15 £
<b><u>Current non-recurring commitments</u></b>			
Public Realm (S106)	349,600	0	349,600
Castle Way (S106)	340,400	0	340,400
	<b>690,000</b>	<b>0</b>	<b>690,000</b>
<b><u>Recurring commitments</u></b>			
Asset Review Purchases/Expenditure	1,400,000	0	1,400,000
Planned Enhancements to Council Property	366,500	26,000	392,500
Enterprise Centre / West Walls	70,000	0	70,000
Vehicles, Plant & Equipment	322,500	10,000	332,500
ICT Infrastructure	319,900	0	319,900
	<b>2,478,900</b>	<b>36,000</b>	<b>2,514,900</b>
<b><u>New non-recurring commitments</u></b>			
Arts Centre	1,055,000	0	1,055,000
Old Town Hall Phase 2	368,000	0	368,000
Harraby School and Community Campus contribution	1,100,000	0	1,100,000
CCTV Initiative	89,000	0	89,000
Sheepmount Road	30,000	0	30,000
Bitts Park Access	10,000	0	10,000
	<b>2,652,000</b>	<b>0</b>	<b>2,652,000</b>
<b><u>Disabled Facilities Grants</u></b>			
Private Sector Grants	863,000		863,000
	<b>863,000</b>	<b>0</b>	<b>863,000</b>
<b><u>Continuing Schemes</u></b>			
Empty Property Initiative	209,100	0	209,100
Public Realm Improvements	25,000	0	25,000
Play Area Developments	69,000	0	69,000
Female & Families Accommodation	15,000	0	15,000
Kingstown Industrial Estate	9,800	0	9,800
Castle Street Public Realm	8,100	16,600	24,700
Waste Optimisation Software	9,200	0	9,200
Cenotaph & War Memorials	61,000	0	61,000
Employee Payment & Resource Management System	21,000	0	21,000
Connect 2 Cycleway	7,500	(7,500)	0
Clean Up Carlisle	20,500	0	20,500
	<b>455,200</b>	<b>9,100</b>	<b>464,300</b>
<b>TOTAL</b>	<b>7,139,100</b>	<b>45,100</b>	<b>7,184,200</b>
<b><u>Capital Reserves to be released</u></b>			
Asset Review Purchases/Expenditure (1)	1,800,000	(1,800,000)	0
Old Town Hall / Greenmarket	702,000	0	702,000
Public Realm Improvements	75,000	0	75,000
	<b>2,577,000</b>	<b>(1,800,000)</b>	<b>777,000</b>
<b>TOTAL</b>	<b>9,716,100</b>	<b>(1,754,900)</b>	<b>7,961,200</b>

(1) Budget reprofiled to future years subject to Council approval.



**DECEMBER 2014 - CAPITAL BUDGET MONITORING****APPENDIX B****CHIEF EXECUTIVE'S TEAM**

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Customer Services	0	0	1,215	1,215	Improvements to Civic Centre reception/foyer area funded from additional revenue income generated. (OD 14/13 26.03.13). Residual expenditure in 2014/15.
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>1,215</b>	<b>1,215</b>	

**DECEMBER 2014 - CAPITAL BUDGET MONITORING****APPENDIX C****DEPUTY CHIEF EXECUTIVE'S TEAM**

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Art Centre	1,055,000	108,100	107,819	(281)	Revised scheme approved by Council (CD47/13 10/09/13). Project has been delayed due to an extended procurement process. Contractors commenced work on 4 October 2014.
Harraby School and Community Campus Contribution	1,100,000	600,000	600,000	0	Budget released by Executive 11/3/13 (SD02/13). Officer Decision 019.14 approved release of the first phase payment of £600,000.
<b>Grand Total</b>	<b>2,155,000</b>	<b>708,100</b>	<b>707,819</b>	<b>(281)</b>	

ECONOMIC DEVELOPMENT

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Public Realm Work	25,000	18,754	9,216	(9,538)	Budget released by Executive 10/03/14 (ED10/14). Project progressing as planned.
Old Town Hall Phase 2	368,000	34,151	35,120	969	Reprofiling and release of budget agreed by Council 5/11/13 (ED36/13). Further reprofiling agreed by Council 15/07/14 (RD08/14) to reflect the revised work schedule for the scheme.
EA Central Plaza	0	0	2,397	2,397	Implementation on an Urgent Works Notice under Section 54 of the Planning (Listed Buildings and Conservation Areas) Act 1990 to be funded from the Conservation Fund approved by Executive 30.08.11 (ED29/11)
Disabled Facilities Grants	863,000	647,337	380,127	(267,210)	Mandatory Grants. The take up of DFGs is reduced due to a lower level of referrals. The position is being closely monitored.
Empty Properties Initiative	209,100	140,726	115,510	(25,216)	Approved by Council 16/07/13 (CD42/13) to allow the provision of loans and grants to be made to owners of empty property and assist in bringing them back into use. A carry forward will be required at year end to honour commitments.
Families Accommodation Replacement	15,000	0	810	810	Project complete. Remaining budget required to accommodate any operational requirements during the defects liability period.
HCA Durranhill Industrial Estate	0	0	6,006	6,006	Approved by Executive 15/01/14 (ED02/14). Project initially due to be delivered by a third party. This has now been taken back in house and grant funding is due to be returned to cover any expenditure incurred. A further report will be presented to Executive at a later date proposing a revised programme of works.
<b>Grand Total</b>	<b>1,480,100</b>	<b>840,968</b>	<b>549,186</b>	<b>(291,782)</b>	

**GOVERNANCE**

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Asset Management Plan	1,400,000	1,100,000	1,100,000	0	A five year Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs in the revenue account on a recurring basis.
<b>Grand Total</b>	<b>1,400,000</b>	<b>1,100,000</b>	<b>1,100,000</b>	<b>0</b>	

**LOCAL ENVIRONMENT**

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Play Area Developments	69,000	60,000	73,026	13,026	Carry forward budget required to complete current schemes. Additional grant received for Dale End Road Play Area. Further contributions are expected towards Dale End Road Play Area which will can fund the overspend to date.
Kingstown Industrial Estate Roads	9,800	0	0	0	Remaining budget required for additional public realm signage.
Castle Street Public Realm Improvements	24,700	24,700	24,689	(11)	To complete scheduled works carried over from 2012/13. Traffic order finally approved and work planned for summer 2014.
Connect 2 Cycleway	0	0	0	0	Formal adoption of the cycleway now complete, remaining funds transferred to the Castle Street Public Realm project.
Clean Up Carlisle	20,500	0	0	0	Approved by Council 17/07/12 (LE22/12). Budget required to ensure the 2 year Clean Up Carlisle Campaign can be completed and full benefits received.
Public Realm (S106)	349,600	3,042	4,807	1,765	Approved by Executive 3/9/12 (RD34/12). Funded by Section 106 monies.
Castle Way (S106)	340,400	0	500	500	Approved by Executive 11/4/12 (RD01/12). Funded by Section 106 monies.
Waste Optimisation Software	9,200	9,200	9,150	(50)	Purchase and implementation of route optimisation software for Waste Services.
CCTV Future Enhancements	89,000	89,000	88,889	(111)	Budget released by Executive 12/05/14 (LE06/14).
Sheepmount Road	30,000	30,000	24,901	(5,099)	Budget released by Executive 15/09/14 (LE17/14).
Bitts Park Improvements	10,000	10,000	10,914	914	Budget released by Executive 15/09/14 (LE17/14).
<b>Grand Total</b>	<b>952,200</b>	<b>225,942</b>	<b>236,876</b>	<b>10,934</b>	

**RESOURCES**

Scheme	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
DIS Infrastructure	319,900	154,435	154,098	(337)	Part of Shared Service Business Case.
Planned Enhancements to Council Property (including additional reserves released for Enterprise Center & West Walls)	462,500	302,387	308,744	6,357	All improvements to Council property is currently on schedule. Additional budget released for Enterprise Centre and West Walls approved by Executive 15/09/14 (RD27/14). Budget has been increased by £26,000 from revenue to fund equipment & fittings at the Arts Centre.
Vehicles & Plant	332,500	155,000	164,693	9,693	Approved by Executive 18/08/14 (RD24/14). Replacement of vehicle purchases slipped from 2013/14 is on schedule. The overspend to date relates to the purchase of additional vehicles and will be contained within the overall budget provision for the year.
Employee Payment & Resource Management System	21,000	15,753	4,624	(11,129)	Approved by Executive 7/5/13 (RD07/13).
Cenotaph & War Memorials	61,000	49,471	38,249	(11,222)	Approved by Council 5/11/13 (RD34/13).
<b>Grand Total</b>	<b>1,196,900</b>	<b>677,046</b>	<b>670,408</b>	<b>(6,638)</b>	

## Report to Executive

Agenda  
Item:

**A.8**

Meeting Date: 2 February 2015  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: TREASURY MANAGEMENT OCTOBER - DECEMBER 2014  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD59/14

### Purpose / Summary:

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

### Recommendations:

That this report be received and the Prudential Indicators noted as at the end of December 2014.

### Tracking

Executive:	<b>2 February 2015</b>
Overview and Scrutiny:	<b>n/a</b>
Audit Committee:	<b>13 April 2015</b>
Council:	<b>n/a</b>

## **1. INTRODUCTION**

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period April 2014 –September 2014
  - **Appendix A1** – Treasury Transactions April to December 2014
  - **Appendix A2** – Investment Transactions April to December 2014
  - **Appendix A3** – Outstanding Investments at Deember 2014
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2014/15:
  - **Appendix B1** – Prudential Code background
  - **Appendix B2** – Prudential Indicators

## **2. CONSULTATION**

2.1 Consultation to Date.  
None.

2.2 Consultation proposed.

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

3.1 That this report be received and the Prudential Indicators noted as at the end of December 2014.

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

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

<b>Contact Officer:</b>	<b>Steven Tickner</b>	<b>Ext: 7280</b>
<b>Appendices</b>	<b>Appendix A1 – Treasury Transactions April to December 2014</b>	
<b>attached to report:</b>	<b>Appendix A2 – Investment Transactions April to December 2014</b>	
	<b>Appendix A3 – Outstanding Investments at December 2014</b>	
	<b>Appendix B1 – Prudential Code background</b>	
	<b>Appendix B2 – Prudential Indicators</b>	



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

- **None**

**CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's** – not applicable

**Deputy Chief Executive** – not applicable

**Economic Development** – not applicable

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

**Local Environment** – not applicable

**Resources** – Contained within the report

TREASURY TRANSACTIONS  
APRIL 2014 to DECEMBER 2014

1. LOANS (DEBT)

1.1 Transactions July to December 2014

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

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

1.2 Loans (Debt) Outstanding at December 2014

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	13,300
	<b>15,013,300</b>

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 31 December 2014 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	13,300
			<b>13,300</b>

### 1.5 Interest Rates

Capita are not forecasting an interest rate rise until Quarter 2 of 2015.

## 2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	28,405,000	0.41-0.70	30,315,000	0.41-0.61
	<b>28,405,000</b>		<b>30,315,000</b>	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 31 December 2014.

## 3 REVENUES COLLECTED

To: 31 December 2014		Collected £	% of Amount Collectable %
2014/15	Council Tax	42,667,002	85.54
	NNDR	36,289,726	85.48
<b>Total</b>		<b>78,956,729</b>	<b>85.52</b>
2013/14	Council Tax	41,942,702	85.69
	NNDR	37,373,230	88.84
<b>Total</b>		<b>79,315,932</b>	<b>87.14</b>
2012/13	Council Tax	40,986,514	86.03
	NNDR	35,343,358	86.36
<b>Total</b>		<b>76,329,872</b>	<b>86.18</b>

Collection levels have been fairly stable in each of the past three years.

## 4 BANK BALANCE

At 31 December 2014 £906,890.21 in hand.

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

5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS  
TO DECEMBER 2014  
 April –December 2014

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(170)	(194)	(24)
Interest Payable	850	848	(2)
Less Rechargeable	(7)	(7)	0
	<b>843</b>	<b>841</b>	<b>(2)</b>
Principal Repaid	0	0	0
Debt Management	15	12	(3)
<b>NET BALANCE</b>	<b>688</b>	<b>659</b>	<b>(29)</b>

The estimate column is the profiled budget to 31 December 2014.

Interest receivable is falling behind budgeted projections due to average investment returns being lower than those anticipated when the budget was set. Although bank base rates have remained at 0.50%, investment rates have continued to fall due to banks being able to access capital from the Bank of England that has meant they do not need to offer higher rates to attract investment from the financial markets. To counteract this, £3million was placed in the CCLA property Fund at the end of July and interest from this fund will start to appear through quarter 3. At the end of December the fund is attracting a yield of 4.72%.

## APPENDIX A2

### SHORT TERM INVESTMENT TRANSACTIONS JULY TO DECEMBER 2014

INVESTMENTS MADE			INVESTMENTS REPAYD	
	£			£
HSBC	2,860,000.00		HSBC	500,000.00
Ignis	3,000,000.00		Ignis	3,000,000.00
Ignis	750,000.00		Ignis	135,000.00
HSBC	985,000.00		HSBC	3,050,000.00
HSBC	2,105,000.00		Ignis	615,000.00
Ignis	3,350,000.00		HSBC	40,000.00
Ignis	450,000.00		Ignis	1,150,000.00
Handelsbanken	3,400,000.00		Ignis	800,000.00
Nationwide	1,000,000.00		Nationwide	1,000,000.00
Nationwide	1,000,000.00		Ignis	250,000.00
HSBC	2,935,000.00		Handelsbanken	3,400,000.00
Ignis	2,150,000.00		HSBC	115,000.00
Ignis	350,000.00		Ignis	1,600,000.00
Nationwide	1,000,000.00		HSBC	2,620,000.00
Ignis	2,070,000.00		Nationwide	1,000,000.00
Nationwide	1,000,000.00		HSBC	200,000.00
			Nationwide	1,000,000.00
			Ignis	1,170,000.00
			Ignis	3,400,000.00
			HSBC	3,970,000.00
			Nationwide	1,000,000.00
			HSBC	300,000.00
TOTAL	28,405,000			30,315,000
			Bfwd	22,490,000
			Paid	28,405,000
			Repaid	30,315,000
			Total	20,580,000

### Outstanding Investments as at 31 December 2014

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC	1,730,000	0.50%	Call				0
	Bank of Scotland	1,000,000	0.98%	03/01/2014	05/01/2015	5	367	9,854
	Barclays Bank	1,000,000	0.72%	04/04/2014	05/01/2015	5	276	5,444
	Bank of Scotland	1,000,000	0.95%	14/02/2014	13/02/2015	44	364	9,474
	Barclays Bank	1,000,000	0.74%	30/05/2014	27/02/2015	58	273	5,535
	Barclays Bank	1,000,000	0.75%	02/07/2014	02/03/2015	61	243	4,993
	Bank of Scotland	2,000,000	1.10%	28/03/2014	27/03/2015	86	364	21,940
	Bank of Scotland	1,000,000	0.95%	31/03/2014	30/03/2015	89	364	9,474
	Bank of Scotland	1,000,000	0.95%	10/04/2014	09/04/2015	99	364	9,474
	Nationwide building Society	1,000,000	0.66%	17/11/2014	18/05/2015	138	182	3,291
	Nationwide building Society	1,000,000	0.60%	22/12/2014	22/05/2015	142	151	2,482
	Bank of Scotland	1,000,000	0.95%	30/05/2014	28/05/2015	148	363	9,448
	Barclays Bank	1,000,000	0.82%	26/09/2014	26/06/2015	177	273	6,133
	Nationwide building Society	1,000,000	0.70%	02/12/2014	26/06/2015	177	206	3,951
	Nationwide building Society	1,000,000	0.76%	28/11/2014	24/07/2015	205	238	4,956
	Bank of Scotland	1,000,000	0.95%	01/08/2014	31/07/2015	212	364	9,474
	<b>Total Investments</b>	<b>£17,730,000</b>	<b>0.82%</b>			<b>110</b>	<b>293</b>	<b>£115,922</b>

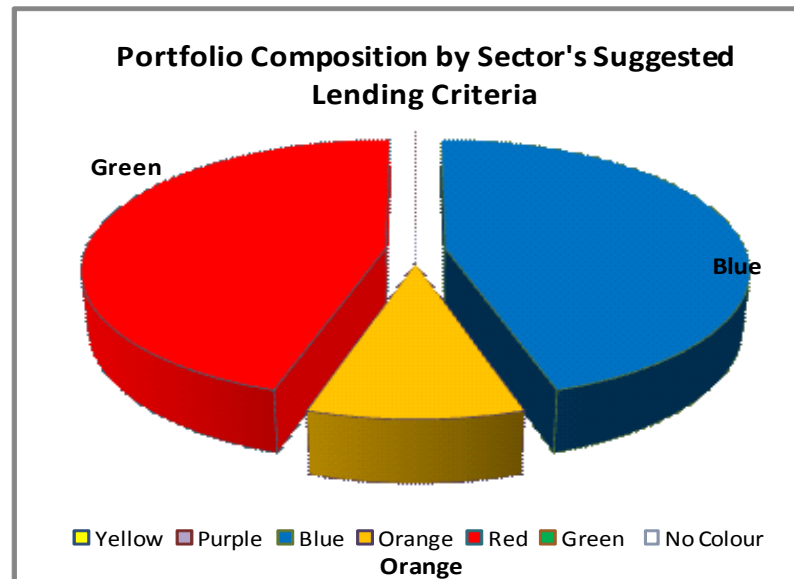
N.B Interest is recognised in the appropriate financial year in which it is due.

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

## Investment Summary Sheet

						Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Dats to Maturity from Execution
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution
Yellow	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	45.12%	8,000,000	0.00%	-	0.00%	0.99%	96	364
Orange	9.76%	1,730,000	100.00%	1,730,000	9.76%	0.50%	0	0
Red	45.12%	8,000,000	0.00%	-	0.00%	0.72%	120	230
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	<b>100.00%</b>	<b>17,730,000</b>	<b>9.76%</b>	<b>1,730,000</b>	<b>9.76%</b>	<b>0.82%</b>	<b>98</b>	<b>268</b>

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



Risk Score for Colour (1 = Low, 7 = High)	Dec 2014	Sep 2014	Jun 2014	Dec 2013
1	0	0	0	0
2	0	0	0	0
3	1.4	1.3	1.8	2.5
4	0.4	0.4	0.5	0.0
5	2.3	2.1	1.3	0
6	0.0	0.0	0.0	0.9
7	0	0	0	0.0
	<b>4.0</b>	<b>3.8</b>	<b>3.6</b>	<b>3.5</b>

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

#### 1. Introduction

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

#### 2. Prudential Indicators

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

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

- 3.1 Local authorities have always funded a substantial element of their capital programme via borrowing. This continues to be the case but until the introduction of the Code any local authority borrowing was essentially based upon a government 'permission to borrow'. Differing types of government control operated over the years but since 1990 these had been termed credit approvals. The level of an authority's previous years' credit approvals is also included in the revenue support grant (RSG) allocation so that ultimately any borrowing is 'supported' via RSG.



- 3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its capital borrowing would be limited to its level of supported borrowing. In 2014/15 this is estimated to be Nil.
- 3.3 However, there may be circumstances in which the City Council will wish to undertake some prudential borrowing and the issues surrounding unsupported and supported borrowing are discussed below.
- 3.4 Authorities are permitted to borrow in excess of their supported borrowing allocation. This is referred to as prudential or unsupported borrowing. This can be undertaken so long as the Council can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, capital expenditure, and treasury management. Set out below are the indicators for 2014/15 to date as detailed in the Treasury Management Strategy Statement for 2014/15.

**(a) Affordability**

	2014/15 Original Estimate £	2014/15 Revised Estimate £
<b>(i) Capital Expenditure</b>	9,716,100	7,961,200
<b>(ii) Financing Costs</b> Total Financing Costs	1,521,567	1,521,567
<b>(iii) Net Revenue Stream</b> Funding from Govt Grants/Local Taxpayers	13,090,000	13,090,000
<b>(iv) Ratio of Financing Costs to Net Revenue Stream</b> The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	11.62%	11.62%
<b>(v) Incremental Impact on Council Tax</b> This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	12.73	12.73
<b>(vi) Authorised Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities	37,600,000	37,600,000
	15,013,300	15,013,300
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2014/15 Original Estimate £	2014/15 Revised Estimate £
<b>(vii) Operational Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,013,300	32,600,000 15,013,300
<b>(viii) Capital Financing Requirement (CFR)</b> As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	7,586,000	n/a

**(b) Prudence and Sustainability**

	2014/15 Original £
<b>(i) New Borrowing to Date</b> No Long Term Borrowing has been taken in 2014/15 to date	0
<b>(ii) Percentage of Fixed Rate Long Term Borrowing</b> at December 2014	100%
<b>(iii) Percentage of Variable Rate Long Term Borrowing</b> at December 2014 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
<b>(iv) Minimum Level of Investments Classified as Specified</b> Level of Specified Investments as at December 2014  As part of the Investment Strategy for 2014/15, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%



## Report to Executive

Agenda  
Item:

**A.9**

Meeting Date: 2nd February 2015  
Portfolio: Economy, Enterprise and Housing  
Key Decision: No  
Within Policy and Budget Framework: Yes  
Public / Private: Public

Title: HADRIAN'S CAMP GYPSY AND TRAVELLER SITE  
Report of: Director of Economic Development  
Report Number: ED 01/15

### Purpose / Summary:

Cumbria County Council contacted the City Council in 2014 regarding the possibility of the City taking over the freehold of their site at Hadrian's Camp, Old Brampton Road. An alternative bid has been submitted by the current leaseholder, but it is considered that the Council taking over the freehold would help to safeguard the future of the site. The Council's initial Expression of Interest to take over the freehold at nil cost was approved by the County Council's Local Area Committee in September 2014, and Executive approval is sought to proceed with a full application and business case to the County Council's Cabinet.

### Recommendations:

1. It is recommended that Executive approves the proposal to proceed with the application to take over the freehold of Hadrian's Camp from Cumbria County Council thereby securing the future of this important facility in Local Authority ownership.

### Tracking

Executive:	
Overview and Scrutiny:	
Council:	

## **1. BACKGROUND**

- 1.1 The City Council is the Local Housing Authority, and as such provision of Gypsy and Traveller facilities falls within the Council's remit. The Hadrian's Camp site is approximately 4 hectares in size, incorporating a total of 70 pitches – 40 permanent & 30 transit. The site is let to the current site manager and his daughter on two 99 year leases – the first let in 1988 & the second in 1996 (these are full Repairing and Insuring leases). The permitted use in the lease is a site for caravans for habitation by Gypsies and Travellers.
- 1.2 It is understood that a counter bid has been submitted from the current leaseholder of Hadrian's Camp. Although the County Council are proposing to put conditions in place to retain the existing use of the site, in the event the freehold was sold to the current leaseholder, concerns remain that these conditions would become increasingly difficult to enforce over time. Whereas, if the site remained in public sector ownership this would significantly reduce the risk of a loss of provision in the District. The loss of the site would inevitably lead to an increase in unauthorised encampments and homelessness presentations.
- 1.3 In 2007 the transfer from the County Council to the City Council for £1 was agreed by Executive; however, the transfer didn't proceed, as the Council decided to focus on developing Low Harker Dene as a Gypsy & Traveller site instead, following the eviction of all the residents at Hadrian's Camp.
- 1.4 In early 2013 the County had again discussed the possible transfer with the City Council, which was supported by the Strategic Housing Development Group and the Housing Portfolio Holder had indicated they would like to progress the transfer of the site. It was explained to the County that resourcing Hadrian's Camp would be the key issue; although in principle the leaseholder has a full Repair and Insure lease. Further meetings and discussions were held between both Councils during 2014, leading to the City Council's Expression of Interest being approved by the County Council's Local Area Committee in September 2014. The County's Cabinet will need to decide between the Council's bid and the financial offer from the current leaseholder. If Executive approves the proposal, the City Council's application would go to the County Council's Local Area Committee on 3 March and then to Cabinet in June 2015. The County Council's preferred option was for the transfer to be via a Community Asset Transfer (CAT), but advice from Legal Services is that from the City Council's perspective the transfer would have to go ahead through the usual land transaction procedures.

## 2. PROPOSALS

**2.1** Carlisle City Council is the Strategic Housing Authority responsible for enabling and facilitating the provision of sites and accommodation solutions for the Gypsy and Traveller community, so taking over the freehold of Hadrian's Camp would have a number of benefits for the City Council:-

- Following the successful development of the Council's 15 pitch site at Low Harker Dene this could provide opportunities to develop services between the two schemes with other partners; including Children's Services (through working with their Equality Learning Officer, Gypsy, Traveller Roma Virtual Schools and Learning) as Gypsy children are more likely to be educated at home.
- There would be a benign capital cost – If this substantial asset is offered to the City Council at a nil cost it still has a value. It is anticipated that there is only a low cost involved in holding and managing this asset under existing leasehold arrangements. It is not envisaged that it would be a significant drain on scarce staff and financial resources (please see section 2.3).
- Taking over the freehold would provide clarity in regard to ownership of Gypsy & Traveller sites in the Carlisle area. Although the new Local Plan 2015-30 will make it clear that any change of use to Gypsy and Traveller sites would be resisted as long as it can be demonstrated that there is still a need for such a facility, ownership strengthens control on use and development of the land, giving the Council a stronger negotiating or bargaining position in future compared to if the site fell into private ownership.
- It would improve safeguarding and increase the security for the provision of accommodation for the Gypsy and Traveller community – securing the transit provision would help to reduce cases of unauthorised encampments.
- There would be a significant risk to maintaining the longer-term Gypsy and Traveller provision on this site in the event of the scheme falling into private ownership.

**2.2** The following guidance has been provided by Property Services:-

*Property Services has been party to the discussion with Cumbria County Council on the freehold transfer of the Hadrian's Camp site to the City Council.*

*It is understood that the County will transfer the freehold of the site to the City for £1. The land is currently identified as white land within the current Local Plan*

*(2011-2016) which indicates that there may be some development potential attached to the land. It is therefore considered that the book value of the land significantly exceeds the transfer cost to the City and that there would be some potential in the future to explore alternative uses for this site at lease end, subject to any restrictive covenants attached to the land and planning policy at that time.*

*Property Services currently manage a large number of freehold, leased out assets within the property portfolio. The two lease agreements attached to Hadrian's Camp are for a term of 99 years with full repairing and insuring responsibilities with the tenant. It is therefore anticipated that both the time and financial resource implications of integrating this asset into the property portfolio together with the ongoing management will be negligible given the terms of the lease agreements.*

- 2.3** The original lease, from 1988, requires the site to be used as a caravan site. The terms of the 1996 lease are the same, but include an additional piece of land. The lease arrangements only allow the premises to be used as a caravan site for Gypsies, and the use of the house on the site is restricted to the use of the warden and their family. The leaseholder is required to provide a full time site warden and manage the site in an orderly way. Should the leaseholder decide to close all or part of the site, the Authority would have to respond to unauthorised encampments and homelessness presentations; however, the leaseholder would suffer a parallel reduction in income, and over recent years the provision on the site has increased. In the event of the lease being surrendered, the Council would have options in terms of securing alternative management arrangements, such as bringing the service 'in house', with management costs funded by the revenue from the site, or outsourcing it to another private sector manager. This is considered a smaller risk than losing 70 pitches (each pitch typically accommodates 2 caravans) so potentially up to 140 caravans in the event of a change of use following the site being sold to a private sector owner. As Hadrian's Camp provides 40 of the 75 permanent pitches in the District, and 100% of the transit provision (30 pitches) permanent loss of the site would have severe repercussions for the Authority in terms of increased unauthorised encampments and homelessness presentations.
- 2.4** The other concern regarding the City Council taking over the freehold of Hadrian's Camp relates to what implications the current arrangement might have in respect of financial and staffing resources, especially as it is understood that capital investment is required in the transit element of the site to improve drainage and amenity facilities. These concerns were relayed to the County Council, and the following response was provided in an e-mail from the County Council's Area



Engagement Officer, on 24 April 2014, in respect of the amount of time and money the County had been required to invest in the site:-

- *“Cumbria County Council spends very little managing this property which is under lease and spends no money on the site.*
- *The tenant occupies the site under a long lease.*
- *There is no annual rent (a capital sum was paid up front) so no invoicing.*
- *The tenant is responsible for managing the site and undertaking any necessary works.*
- *The tenant has written regularly to Cumbria County Council over the years asking to buy the freehold and these requests have to date been denied. Other than that the County Council has spent no time on this site.*
- *In regard to the use of the site as a Gypsy site and numbers of pitches, the City Council controls these aspects through planning agreements.”*

- 2.5** In the event that the County Council's Cabinet approves the Council's bid to take over the freehold of Hadrian's Camp, due diligence will be carried out in respect of the terms of the transfer, before any deal is finalised. This would include contamination checks, as this is a former MOD site.

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

- 3.1** Hadrian's Camp provides an important role in meeting the needs of the Gypsy and Traveller community. In the event of the site being closed, this would lead to the loss of 70 pitches. The ramifications of losing this number of pitches for the City Council as well as the local community would be significant in terms of the likelihood of increased numbers of illegal encampments and homelessness presentations. It is therefore considered that it would be in the City Council's best interests to proceed with the transfer of Hadrian's Camp.

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

- 4.1** The proposal would fit with the following Carlisle Plan priority - **We will address Carlisle's current and future housing needs.** The following section is particularly relevant: "We will work with our partners to deliver affordable and specialist housing where required". Securing this specialist scheme in public sector ownership would be beneficial in respect of ensuring Hadrian's Camp continues to operate as a Gypsy and Traveller site. The acquisition would also complement the Council's current freehold Gypsy & Traveller site at Low Harker Dene and make a valuable contribution to the continued effective management of Gypsies and Travellers within the City. The proposals have been discussed with the appropriate Ward Members.

**Contact Officer:**            **Jeremy Hewitson**

**Ext:**    **7519**

**Appendices**            **None**  
**attached to report:**

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

- **None**

#### **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's** – The proposal supports the Council's equality objectives, in particular, improving access and inclusion for all our services and across our partnerships. The proposal sets out a number of benefits that could improve services for the Gypsy and Traveller community in Carlisle.

**Deputy Chief Executive** –

**Economic Development** –

**Governance** – The transfer will legally take place pursuant to s123 Local Government Act 1972 powers and needs to be approved by the Cabinet of the County Council. The City Council in turn has power under s120 of the 1972 Act to acquire land by agreement for the purposes of any of their functions or the benefit, improvement or development of its area.

**Local Environment** –

**Resources** – There will be a nominal fee payable for the freehold acquisition of Hadrian's Camp, understood to be £1. Although the current lease is a full repairing and insuring lease, clarity should be sought on any freeholder liabilities including improvements to drainage and amenity facilities as there are no revenue or capital budgets available to fund such work. The leaseholder is responsible for operating the site and therefore the Council should not be involved in the day to day management of the pitches.

## Report to Executive

Agenda  
Item:

**A.10**

Meeting Date: 2nd February 2015  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework YES  
Public / Private Public

Title: LOCALISATION OF REVENUES AND BENEFITS SHARED  
SERVICE OPERATIONS  
Report of: Director of Resources  
Report Number: RD 60 / 14-15

### **Purpose / Summary:**

This Report advises Members on the reasons for operational staff within the Revenues and Benefits Shared Service being brought back in-house, target date 1<sup>st</sup> July 2015.

### **Recommendations:**

Members are asked to

- i. Consider the Chief Executive's recommendations that Revenues and Benefits Operational staff are returned to the 3 Councils by 1<sup>st</sup> July 2015 in following the project plan actions set out in Appendix 2
- ii. Resolve to terminate the Staff Transfer Agreement and vary the Service Level Agreement to reflect the proposals set out in this report.
- iii. Delegate the responsibility for TUPE transfer arrangements for staff returning to Copeland and Allerdale to the Chief Executive with professional support provided by each Council's HR Teams

- iv. Note that proposals are being progressed in respect of ICT arrangements, Systems and Controls support and other issues needing to be resolved which will be subject to a further report

### Tracking

Executive:	<b>2<sup>nd</sup> February 2015</b>
Overview and Scrutiny:	
Council:	

## 1. INTRODUCTION

- 1.1 In 2010 Carlisle, Copeland and Allerdale set up a Revenues and Benefits Shared Service. The shared service administered Council Tax, Business Rates, Housing Benefits and Council Tax Reduction Scheme for the 3 Councils.
- 1.2 Efficiency savings were achieved by the 3 Councils, Carlisle's savings equating to 13.67% being set out in Table 1 below mainly in respect of reduced management resources and ICT savings on licences, maintenance and hardware costs.

### Pre-Shared Service

Carlisle	Staffing Cost	£1.525 million
	ICT Cost	£0.076 million
	<b>TOTAL</b>	<b>£1.601 million</b>

### 2014/15 Budget

Carlisle Share	Staffing Cost	£1.292 million
	Other Costs	£0.029 million
	ICT Cost	£0.061 million
	<b>TOTAL</b>	<b>£1.382 million</b>

- 1.3 Many improvements to Revenues and Benefits administration have been delivered by the shared arrangements which have been detailed below.
- 1.4 In one important aspect "performance" the Shared Service has never been able to consistently match required turnaround times in dealing with workloads, particularly in Benefits administration. At busy times and due to high levels of sickness and staff turnover performance has been particularly poor and a major cause of concern of Members and Chief Executives at the 3 Councils.
- 1.5 This resulted in the setting up of a Transformation Board led by the 3 Chief Executives, terms of reference being to come to a view of whether the performance of the Shared Service could be improved. A resulting report and action plan commissioned by the 3 Chief Executives is delivering further improvements (see assessment at Appendix 1), but cannot guarantee the required performance levels required over the longer term.

- 1.6 The main reason for this is the difficulty of managing a complex transactional service with the 3 sites up to 40 miles apart. Also, the fact that the Councils have diverged on Corporate initiatives being followed.
- 1.7 In the circumstances the Transformational Board are recommending that operational staff be returned to the 3 Councils. Each Council being responsible for operational performance of the Revenues and Benefits service in dealing with their Council Tax/Business Ratepayers and Benefit Claimants.
- 1.8 The Transformational Board are keen for what has worked well in Shared Service to continue if operationally beneficial to each of the 3 Councils i.e.
- ICT infrastructure
  - Systems and Controls support
  - Active performance toolkit that allows staff to manage their performance against benchmarks
  - Atlas Automation that allows claims made to DWP to be automatically interfaced with housing benefit records
  - E-agenda online billing, applications for housing benefit, reporting and changes of circumstances electronically
  - Maintain resilience through “mutual aid agreement”

## **2. LEGAL ISSUES**

2.1 The Shared Service was formed with three key documents:-

- 2.1.1 **Administrative Agreement dated 1<sup>st</sup> June 2010:** This document provides a framework under which the three councils may work together. The detail is specified in a Service Level Agreement and Staff Transfer Agreement. The Administrative Agreement provides for termination upon any party giving twelve months’ notice to the others, to expire on 31<sup>st</sup> March in any year. Although there is no provision for any other form of termination within the Agreement, it is standard contract law that a contract may be terminated on mutual agreement.
- 2.1.2 **Service Level Agreement dated 1<sup>st</sup> June 2010:** This provides the detail for a shared services arrangement in respect of Council Tax administration; Business Rates administration; Housing and Council Tax Benefits administration including overpayment recovery and fraud; User Technical Support and IT support (together referred to as the “Specified Functions”). The Agreement may be varied or terminated upon terms agreed by all parties and provides that, in the event of

termination, any assets procured in accordance with the agreement shall become the property of one of the parties. The parties shall agree which party acquires which asset and what amount will be paid to the other parties.

- 2.1.3 **Staff Transfer Agreement dated 1<sup>st</sup> June 2010:** This Agreement states that, when the individual councils take the services back in house, that is a relevant transfer for the purposes of the TUPE regulations and, accordingly, TUPE will apply. The discharging council (ie Carlisle) must provide certain staff information to the arranging councils (ie Copeland and Allerdale), and this should be done immediately. The councils must then, in good faith and following consultation with the relevant employees, attempt to agree which employees shall transfer to the arranging councils having regard to criteria which is specified at clause 7.4 of the Agreement. In the event that agreement has not been reached three months before termination (ie by 30<sup>th</sup> March 2015) the question shall be determined using the dispute resolution procedure.
- 2.2 Legally, therefore, terms need to be agreed between the Councils and a resolution must be passed for formal termination (or variation) of the Service Level Agreement and termination of the Staff Transfer Agreement.
- 2.3 Consultation needs to be begin immediately with a view to agreeing those staff who will transfer to Copeland and Allerdale on 1<sup>st</sup> July.
- 2.4 Agreement also needs to be reached between the three councils as to the other specified functions within the Service Level Agreement. Members will note from paragraph 1.8 above that the Transformational Board wishes certain functions to continue. In this case, the Service Level Agreement should be varied rather than terminated. Any variation needs the approval of the Shared Service Strategic Board.

### **3. PROJECT PLAN**

- 3.1 Noted at Appendix 2 is the detailed project plan to achieve the following:-
- Smooth transfer of operational staff to the 3 Councils by 1<sup>st</sup> July 2015
  - Retaining and improving on the “best” of the Shared Service
  - Early planning on making the decision, on an individual Council basis, on the way forward for current ICT shared infrastructure and shared Systems and Controls team

- 3.2 The plan prioritising maintaining the current Shared Service arrangements to 1<sup>st</sup> July 2015. The Shared Service operation is entering its most important phase in the annual timetable of main billing of Council Tax and Business Rates, mass Benefits recalculation of all our claimants benefit entitlement and 2014/15 year end routines.
- 3.3 The main issue covered in the project plan (Phase 1) is planning for the TUPE transfer of staff to Allerdale and Copeland by 1<sup>st</sup> July 2015. The work will be co-ordinated by HR Teams of each Council. They will agree:-
- TUPE transfer principles
  - Draft staff transfer lists for consultation with staff and Union representatives (45 day consultation)
  - Consultation with staff at each stage of process including producing questions and answers information for queries raised by staff
- 3.4 Once draft TUPE lists have been prepared work will be done by the 3 Councils in assessing skill gaps that will need addressing once staff have been TUPE'd to individual Councils.
- 3.5 It should be noted that staff not subject to TUPE will remain as Carlisle employees and be based at the Civic Centre.

#### **4. RECOMMENDATIONS**

- 4.1 Members are asked to
- i. Consider the Chief Executive's recommendations that Revenues and Benefits Operational staff are returned to the 3 Councils by 1<sup>st</sup> July 2015 in following the project plan actions set out in Appendix 2
  - ii. Resolve to terminate the Staff Transfer Agreement and vary the Service Level Agreement to reflect the proposals set out in this report.
  - iii. Delegate the responsibility for TUPE transfer arrangements for staff returning to Copeland and Allerdale to the Chief Executive with professional support provided by each Council's HR Teams



- iv. Note that proposals are being progressed in respect of ICT arrangements, Systems and Controls support and other issues needing to be resolved which will be subject to a further report

**Contact Officer: Peter Mason**

**Ext: 7270**

**Appendices  
attached to report:**

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

- None

**CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's -**

**Deputy Chief Executive –**

**Economic Development –**

**Governance – Included within the Report.**

**Local Environment –**

**Resources** – The Revenues and Benefits shared service generated savings by joining the services provided by Copeland, Allerdale and Carlisle. The savings for Carlisle equated to £219,000. With the break up and TUPE transfer of operational staff back to each individual site, the Council will have to budget for its own staffing structure in line with its current budgetary provision. Transformational savings of £100,000 associated with the revenues and benefits service are included in the Council's budget) and 2016/17. The effect on these savings will need to be considered when preparing staffing structures for the new service to be operated at Carlisle.

Revs and Bens Improvement Plan
Summary of progress / outstanding actions January 2015
<b>Purpose of report</b> To identify the key achievements of the project to date. To summarise achievements against project Measures of success. To identify those actions that should be retained.

## Overall Summary of Achievements

The key achievements of the project:

### Liberata Work package

1. Segmentation of Benefits workload across the Shared Service achieved by 29<sup>th</sup> Sept 2014.
2. Implementation of Performance Toolkit in Benefits achieved by 6<sup>th</sup> Oct 2014.
3. Implementation of Performance Toolkit in Revenues achieved by 12<sup>th</sup> Nov 2014.
4. Understanding of Revenues processes at each site.
5. Analysis of Toolkit data to achieve the setting of a generic benchmark within Revenues.
6. Benchmarks within Benefits service have been set to go live 12<sup>th</sup> Jan 2015.
7. Automation of Atlas changes. Whilst Liberata scripts have not been used, input from Liberata has facilitated this work and areas of suggested automation have been used. Parameters have been set by the Shared Service. Efficiencies gained will need to be quantified.
8. Data import module purchased so that reports are visible via Comino which will generate data for performance management.

### ICT Work package

1. Single sign on for all Revs and Bens Shared Service staff resulting in a significant reduction in helpdesk calls.

### Customer Services Work package

1. Council tax connect live at Copeland for staff and Members
2. Transformation Challenge award successful application
3. Benefits e-claim and e-cic (change in circs) build complete. Testing in progress.
4. Customer Services at Allerdale now taking Benefit calls.
5. Greater understanding of front office processes at each site

### Revs and Bens Work package

1. Bailiff automation
2. Vacancy management process within the Shared Service has been reviewed.
3. Staff suggestion scheme set up but not live.

## Summary of progress against agreed Measures of Success January 2015

Measures of Success	Achievement January 2015	Comments on issues affecting progress
<b>1. Customer Services</b> * Automation of services * Front and back office alignment * Consistent performance	Part achievement of service automation. Revised completion date of October 2015 was unlikely to be met.	The scope of the work needed was greater than initially assessed and the risk of not achieving aligned performance considered high.
<b>2. ICT</b> * Single sign on * Central helpdesk * Consistent desktop * ICT SLA to achieve consistent performance * Single email address	Single sign on achieved resulting in significant reduction of helpdesk calls.	Progress was slow and dependent on all parties agreeing solutions and prioritising this work.
<b>3. Sharing of client costs</b>	Not yet achieved	Sign off of recharges still to be finalised by Ops Board.
<b>4. £300k savings</b>	Not yet quantified	The effect of work segmentation in Benefits, roll out of Active performance toolkit and Atlas automation efficiencies is not yet known.
<b>5. Consistent performance in Revs and Bens</b>	Part achievement.	Lack of staff buy-in and alignment issues in Revenues impacted on the potential improvement in performance. Delay in skilling up Customer Services staff is a significant risk.

### Actions to retain

1. Performance Toolkit
  - a. Retaining the Toolkit will allow ready analysis of performance within the Revs and Bens services. Staff have been trained and are using the Toolkit. This is likely to result in continued efficiencies as benchmarks are introduced. However ongoing Toolkit license costs are to be negotiated with Liberata.
2. Atlas Automation
  - a. Automation of Atlas changes could deliver efficiencies once measured.
3. E agenda
  - a. Continuing E agenda programme is dependent on local policies.
4. Customer Services
  - a. Customer Services actions to be retained will be dependent on the acceptance of the Transformation Challenge Award.

# Localisation of Revs and Bens Service Jan 2015

## Project objectives

### Phase One

1. Smooth transfer of operational staff on 1st July
2. Retain the best of the Shared Service
  - a. Business case for shared ICT infrastructure
  - b. Business case for shared Systems and Controls team
3. Improvement plan actions to continue
  - a. Active performance toolkit
  - b. Atlas Automation
  - c. E agenda
  - d. Acceptance of Transformation Challenge Award?

### Phase Two

1. Implementation of selected solution for ICT
2. Implementation of selected solution for Systems and Controls
3. Ongoing support through mutual aid agreement

### Out of scope

1. Maintain current service provision and performance upto 1st July
2. Business cases for individual service delivery going forward (responsibility of individual Councils)
3. Transition of service delivery and performance from Shared Service to host site

## Outline project plan

	Responsible Officer	Current status
<b>Phase 1 Key Actions</b>		
<b>Governance</b>	<b>Project Board / Transformation Board</b>	
Name of project Localisation of Revs and Bens service		Governance for project agreed: Role of Project Board / Transformation Board / Project Manager.
Governance of project		
Role of Strategic Board - Quarterly meetings		
Scope of project / project objectives		
Outline project plan		
Project Board meetings		
Transformation Board meetings		
Outline reports for 3 Executives		
- Allerdale		
- Copeland		
- Carlisle		
Business cases for each Council - Executive and/or Full Council	s151s	
Legal implication - Discharge function		
Risk register		
<b>HR</b>	<b>HR managers / Transformation Board</b>	
Co-ordination of HR / roles and responsibilities at each Council ie. Scope of work, roles and responsibilities		Meeting held on 17th Dec HR leads from Carlisle and Allerdale / Copeland. List of staff / Ts & Cs / Costs being prepared for Project Board 26th Jan and TB 13th Feb. Risk register and quality impact being developed. Qs and As go live on intranet 7th Jan. Live document. Ongoing Qs to HR advisory email
TUPE transfer		
- Agree TUPE principles		
- Agree 'grey' areas		
Consideration of employees which are 'grey'		
Confirmation of employees acting up		
Based on substantive or temp role?		

	Responsible Officer	Current status
Principles of staff carrying out ABC/CBC work but based at Carlisle		address.
- Confirmation and agree final staff lists for transfer		
Identify skill gaps / knowledge transfer / training		
Liaison with Unions		
- Liaison about principles of TUPE		
- Issue letter of confirmation and timeline to Unions		
Qs and As		
Dovetail TUPE transfer outcomes with finance		
Formal consultation		
- Team Meeting: Start of Consultation		
- CX/ S151/ CCC HR/ ABC/CBC HR to brief employees on transfer. Explain means of selection for TUPE		
- Carlisle HR to produce Letters to all affected employees to identify direct transfer		
- Measures letter from ABC/CBC / request to consult with CCC employees on measures		
Performance team - implications if ICT infrastructure is not shared		
Right of appeal to TUPE - Timescales and who will make up the Appeal panel		
Due Diligence and ELI info Date required from CCC HR 28 days in advance of transfer		
<b>ICT</b>	<b>Corporate Director Allerdale / Transformation Board</b>	
Costs benefit analysis of sharing infrastructure and systems		High level options with costings are being developed for TB 13th Feb.
Costs - one off and ongoing costs for each Council		
Business case for sharing ICT infrastructure		
Timescales for Phase 1 and Phase 2		
Disaster recovery options		
<b>Systems and Controls Team</b>	<b>Ops Board / Transformation Board</b>	
Interim team structure		Shared Systems and Controls team is dependent on shared ICT infrastructure.
Business case for sharing Systems and Controls team	Corporate Director Allerdale	
- pros and cons		
- finance implications		
- who will employ and manage staff		
- issues eg. Year End		
- options		
<b>Finance</b>	<b>Project Board</b>	
Pension deficit implications		
RBSS budget 1st Apr - 30th June 2015		
Residual budget requirements 1st July onwards (ICT and Systems and Controls team) funding arrangements		
<b>E Agenda</b>	<b>Project Board</b>	
Benefits e-claim and e-cic at 3 sites		Delay in implementation of Benefits e-claim. Errors have been referred to Capita and until resolved no further testing can take place. Go live April 2015.
Ownership and individual solutions going forward (scope to include e-billing and marketing)		
<b>Transformation Challenge Award</b>	<b>Project Board</b>	
Review Terms and Conditions of offer - Able to accept Award?		
Governance arrangements for administering initiative		
<b>Liberata</b>	<b>Emma New / Project Board</b>	

	Responsible Officer	Current status
Active Performance Toolkit actions to continue		Partnership performance benchmark for Benefits is being proposed, to go live mid Jan. Revenues data is being analysed with view to benchmarking mid Feb. Liberata has requested discussion of impact on programme at Ops Board 26th Jan.
When is next mail switched off?		
Benchmarking - when site specific?		
Performance Toolkit - one instance or 3? Costs?		
Discussion of programme going forward		
<b>Atlas Automation</b>	<b>Reg Bascombe</b>	
Efficiencies from Atlas		
Future maintenance of parameters within Systems and Controls team		
<b>Communication</b>	<b>Project Board / Transformation Board</b>	
Comms with staff and PHs after each TB meeting		
Comms with TUs		
Comms with 3rd parties - DWP, DCLG?		
<b>Out of scope Actions to monitor</b>	<b>s151s / Individual CEs / Portfolio Holders</b>	
Service delivery plans for each Council post 1st July Transition of service delivery on 1st July Costs of site specific structures Structures at each site / addressing gaps in resources and skills Location Managers - interim arrangements / responsibilities post 1st July  Copeland location of Revs and Bens staff		What information is required from the Shared Service by each site?
<b>Phase 2 Key Actions</b>		
<b>ICT infrastructure</b>	<b>Project Board</b>	
Implementation plan for ICT arrangements		
<b>Systems and Controls Team</b>	<b>Project Board</b>	
Implementation plan for new arrangements		
<b>Ongoing support</b>	<b>Project Board</b>	
Mutual aid agreement		Dependent on shared ICT infrastructure