A.1(a)

EXCERPT FROM THE MINUTES OF THE COMMUNITY OVERVIEW AND SCRUTINY PANEL HELD ON 19 NOVEMBER 2013

COSP.76/13 BUDGET 2014/15

Revenue Budget Reports

(a) Summary of New Revenue Spending Pressures

The Director of Resources submitted report RD.53/13 summarising the new revenue spending pressures and reduced income projections which needed to be considered as part of the 2014/15 budget process. The issues were to be considered in the light of the Council's corporate priorities.

The Executive had on 18 November 2013 (EX.134/13) received the report and forwarded it to the Overview and Scrutiny Panels for consideration as part of the 2014/15 budget process.

The Director of Resources advised that it was clear that all of the pressures could not be accommodated within existing resources (including use of reserves) and decisions would be needed throughout the budget process to limit pressures to high priority and unavoidable issues to ensure that a balanced budget position was recommended to Council February 2014.

Members then considered the following new priority for revenue spending and reduced income which fell within the areas of responsibility of this Panel.

- **Events**
  The pressure would provide additional funding on top of existing budgets to provide the following events – Multicultural Carlisle, Music City, classical music event, pageant, Tour of Britain and Armed Forces Day.

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

- *There was no mention of the Commemoration Events in respect of World War 1.*

The Culture, Health, Leisure and Young People Portfolio Holder advised that she had met with Officers and the Deputy Chief Executive and discussed how the budget could be rationalised for events in the future. The Executive received the requests for events but were unable to comply with all. A panel had been set up to look at what events had been requested and look at what grants may be available. To date the panel had met on one occasion. Sponsorship could come from the Ambassadors, the college and private sector partners.

- *What reserves were available for multi-cultural events?*

The Culture, Health, Leisure and Young People Portfolio Holder advised that there was a budget of £70,000 for all events and money from other pots. The City Council had held multi-cultural events in the past but it was not clear whether that could continue. There were many requests to help run and fund events such as Cumbria Pride and the Council needed to look at all requests and determine how best to use the funds available.

The Director of Resources advised that the £70,000 allowed in the budget would not be sufficient and therefore the sum by £130,000 on a non-recurring basis for 2014/15.

- *There was not enough information in the report regarding what events had been held and what the money had been spent on.*

The Director of Resources explained that that information could be covered in the next monitoring report and was not part of the budget report.

The Culture, Health, Leisure and Young People Portfolio Holder advised that that was the reason for setting up the aforementioned panel. There was money available but it had to be rationalised to ensure value for money.

- **Non-recurring under £30,000**
  - Sports Pitch Income Shortfall (£3,000)
  - Disabled Facilities Grant Income (£29,000)

  The budget pressures indicated above were included on a non-recurring basis. Due to them being under £30,000 they have not been supported and those requirements would need to be found from existing base budgets in 2014/15.

- *The report stated that projects under £30,000 had to be funded from within Directorates. With regard to sports pitches, the consultant's report had advised that there should be more available. There was insufficient money available to fund additional pitches at present.*

The Director of Resources explained budget pressures below £30,000 had to be found within Directorates and he believed that could be achieved. That included Disability Facilities Grants (DFG) for which the Council received a fee when a grant was commissioned. The number of grants had reduced in 2013/14. If the number of grants approved increased the amount of fees would also increase.

- *It had previously been stated that the NHS needed to contribute funding for the DFGs and the Council may have been looking at funding from them. Had that progressed?*

The Deputy Chief Executive advised that the Public Health bodies had made a contribution of £150,000 in past years.

The Deputy Chief Executive explained that there was no set pattern in respect of DFGs therefore it was difficult to predict future income. More detail could be provided by the Principal Housing Officer (Private Sector).

- *Riverside were doing adaptations to their properties below £7,000. That could have impacted on the number of DFGs applied for.*

RESOLVED – That Report RD.53/13 be noted.

(b) Summary of New Savings Proposals and Additional Income

Report RD.53/13 had been circulated to the Panel by way of background information.

The Director of Resources summarised the proposed savings relating to Pay Award Savings 2013/14 and 2015/16, Inflation Savings, Invest to Save schemes completing and New Transformation Savings required.

The Council also received income from a variety of other sources which were not subject to Corporate Charging Policy reviews but were still reviewed annually as they generated substation income for the Council. The New Homes Bonus was one such source of income and the Director of Resources advised that the allocation for 2014/15 had yet to be confirmed. The first year's allocation (2014/15) would be used to offset the non-recurring savings requirement as outlined within the report.

One of the savings was the Voluntary Redundancy Initiative which the Council hoped would achieve a saving of £1,000,000. Until requests were submitted and the business cases looked at it was impossible to determine the impact of that initiative. It was anticipated that between 40 and 45 staff would need to take up the offer in order to achieve the required saving.

The Deputy Chief Executive explained that the redundancies would be undertaken on a voluntary basis and described the process for the initiative.

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

- *There was a concern that as there would be less staff there could be a burden on remaining staff and an impact on that relevant service.*

- *Some services were statutory and would have to be continued possibly with fewer staff.*

The Deputy Chief Executive advised that if staff requested to go and Members agreed the impact on remaining staff would have to be considered. Every effort would be made to ensure services would be delivered. The number of requests for redundancy would be clear by the end of December. The staff were aware of the initiative through e-mails and briefings from the Chief Executive. Even if the service affected was a statutory service savings could still be made.

The Director of Resources explained that with regard to the New Homes Bonus the figure over the next six years was based on new properties and empty properties becoming occupied but the amount of funding was not available. It was anticipated that the figure would be announced by the Government in January 2014. However 40% of the money nationally had been "top-sliced" and would go to the Local Economic Partnership rather than the Council.

In response to a query the Director advised that he believed the figure received to date to be around £750,000. There was a three year rolling revenue grant to Tullie House allowing it to be reduced. The contract with Carlisle Leisure Limited was a 25 year contract which could not be amended until 2017.

- *The report referred to discretionary funding to major partners and named Tullie House. Who were the other partners?*

The Director advised that the partners were Tullie House and Carlisle Leisure Limited who had differing contracts. Grants were also available to Community Centres.

- *In 2010/11 the Council reviewed the finding to Community Centres and decided to remove some funding. Labour Members had submitted a motion to Council that that funding should be reinstated. Do those Members still wish that funding to be handed back to the Community Centres? Were there any plans to restore or increase grants?*

The Communities and Housing Portfolio Holder advised that there were no plans at the present time. The grants had remained the same for the last two years and would remain the same in the coming year.

The Deputy Chief Executive confirmed that there were no other major partners other than Tullie House and Carlisle Leisure Limited. Officers were discussing with Carlisle Leisure Limited how extensions to their facilities could impact on their grant.

- *Community Centres were being asked to be run as businesses. Was that the case and did they make a profit?*

The Culture, Health, Leisure and Young People Portfolio Holder advised that she was on the Management Committee of Greystone Road Community Centre and they were mindful that grants had been cut and that all Community Centres needed more money.

- *Community Centres funding had not been affected in the current financial year but what would happen in the next financial year?*

The Communities and Housing Portfolio Holder advised that the Community Centres had signed Service Level Agreements that had been negotiated individually. There would be no increase in grants in the coming year but Communities Centres may be recognised in future. A prudent organisation should have reserves. The Council would not look at a Centre's reserves when considering grant allocations.

- *Money could have been set aside for redundancies and unexpected events. Community Centres realise that they must be run as businesses and Members who sit on the management committees know their responsibilities. Everyone must attend training and the staff have to run the centres as a business and contribute more than previously expected.*

- *Staff in Community Centres work hard and realise that the Centres have to be run as a business.*

- *Had any grants been finalised to CAB and the Law Society?*

The Communities and Housing Portfolio Holder advised that no decision had yet been taken on those issues. Grants would remain the same in 2014/15.

- *Was it a mistake to embark on a new stream of expenditure on the proposed Arts Centre?*

The Culture, Health, Leisure and Young People Portfolio Holder stated that it was not a mistake and there had been a lot of support for the Arts Centre from schools, the college and local businesses. Tough decisions needed to be made but the Executive had made the right decision.

The Portfolio Holder explained that the Executive were looking at capital projects to deliver. If the business case did not stack up the project would not continue. It was preferable to commit to projects that would provide income to the Council. The Arts Centre was currently in the planning stage and no final decision had been made.

RESOLVED – That Report RD.53/13 be noted.

(c) Review of Charges 2014/2015

- **Local Environment**

Report LE.30/13 was submitted, setting out the proposed fees and charges for the services falling within the remit of the Local Environment Directorate.

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

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

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

Although the uptake of Pay by Phone increased every month, it still only represented a minor element of ticket sales and income. For many shoppers, who were uncertain how long they may wish to stay, the use of Pay by Phone provided an opportunity to extend the parking duration without the inconvenience of having to return to the car as extended duration could easily be purchased. Officers in conjunction with local businesses planned to make users more aware of the advantages of that option in the hope that sales could be increased and that businesses benefitted from the flexibility that the option offered their customers.

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

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

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

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

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

With the exception of Talkin Tarn, the income from which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income of £2,415,000 against the Medium Term Financial Plan target of £2,539,000. That represented a shortfall of £178,000 against the MTFP target.

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

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

- *There were three options in respect of sports pitch provision. Options two and three would put a huge burden on parents who may have two or more children attending a sports club.*

The Deputy Chief Executive explained that the Council subsidised sports clubs prior to those options being tabled and discussed with the Executive.

The Culture, Health, Leisure and Young People Portfolio Holder confirmed that the options would be looked at further.

The Director of Resources explained that the proposed increase outlined in option 1 was in line with the 3.8% increase across the board.

- *With regard to City Centre events Members agreed that charges for large commercial promotions should be doubled. How much did small and medium commercial promotions use the city centre?*

- *Was there any discretion on charges during the large markets for organisations such as Made in Cumbria?*

The Culture, Health, Leisure and Young People Portfolio Holder explained that all events go to the events group and the City Centre events were handled by the events team. The Council wished to have all events managed by one group. The Executive wanted local markets but events had to be rationalised and the charges looked at.

- *The Council would have to be careful that trade was not being taken from the covered market which was a concern particularly during Continental market weeks. Local businesses were important.*

In response to a query the Deputy Chief Executive advised that the minimum Play Area Inspection fee was £50. The Council acknowledged that Parish Council reserves were stretched and the fee was not designed to generate income. The burden of play area inspections was shared with Parish Councils but the Council was mindful of costs.

RESOLVED – That the observations of the Community Overview and Scrutiny Panel, as outlined above, be conveyed to the Executive

- **Community Engagement**

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

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

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

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

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

The Director of Resources agreed to look at the apparent discrepancy in income from hostels within the report. Income from hostels was picked up by Housing Benefits which was monitored by the Director of Resources. Some hostels were not as full as expected in 2013/14 and there was a shortfall in income. It would be possible in the final charging period to include present charges within the table.

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

Capital Budget Reports

(d) Revised Capital Programme 2012/13 and Provisional Capital Programme 2013/14 to 2017/18

The Director of Resources submitted report RD.56/13 detailing the revised capital programme for 2013/14, together with the proposed method of financing as set out in Appendices A and B. The report also summarised the proposed programme for 2014/15 to 2018/19 in the light of the new capital pressures identified, and summarised the estimated and much reduced capital resources available to fund the programme.

Many of the new spending proposals had not yet been considered by the Corporate Programme Board; therefore, they should be approved for inclusion in the Council's Capital Programme as part of the budget process. The release of any earmarked reserve would be subject to verification of the business case by the Corporate Programme Board and a report to the Executive as appropriate.

With regard to the Disabled Facilities Grants Council funding of £200,000 per annum had been included until 2016/17. The position would then be reviewed based upon the operational responsibilities and requirements of the service.

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

“That the Executive:

1. Noted the revised capital programme and relevant financing for 2013/14 as set out in Appendices A and B of Report RD.56/13;

2. Recommended that the City Council approve re-profiling of £710,000 from 2013/14;

3. Had given initial consideration to the capital spending requests for 2014/15 to 2018/19 contained in Report RD.56/13 in the light of the estimated available resources;

4. Noted that any capital scheme for which funding had been approved by the Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

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

- *Was the £200,000 reduction in Arts Centre capital (page 126 of the report) an increase in the figure indicated earlier in the report (page 121)?*

The Director of Resources explained that the figure was the preparation work for the tender for the project.

- *A Member wished to clarify that the closing date for tenders was April/May followed by refurbishment with a view to opening in October 2014.*

- *Had purchases been made with the funds from the Asset Review?*

The Director of Resources advised that 1.2million had been spent on the drainage works at Morton and 1.5million on the B&M (formerly Woolworths) site.

RESOLVED: To accept the recommendations as set out in Report RD.56/13.