

# AGENDA

## Resources Overview and Scrutiny Panel

Thursday, 29 August 2013 AT 10:00  
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

**\*\*Briefing meeting for Members will be at 9.15 am in the  
Flensburg Room\*\***

### 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.

### Minutes of Previous Meeting

7 - 12

To note the minutes of the meeting held on 18 July 2013.(Copy  
Minutes Herewith)

## **PART A**

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

### **A.1 CALL-IN OF DECISIONS**

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

### **A.2 OVERVIEW REPORT AND WORK PROGRAMME 13 - 22**

To consider a report providing an overview of matters related to the work of the Resources Overview and Scrutiny Panel, together with the latest version of the Work Programme and details of the Key Decisions items relevant to this Panel as set out in the Notice of Executive Key Decisions.

(Copy Report OS.20/13 herewith)

### **A.3 ANNUAL PARTNERSHIPS REVIEW 2012.13 23 - 34**

(Cross Cutting Portfolio)

The Director of Resources to submit the annual report on significant partnerships.

(Copy Report RD.24/13 herewith)

### **A.4 DRAFT MEDIUM TERM FINANCIAL PLAN 2014.15 TO 2018.19 35 - 80**

(Finance, Governance and Resources Portfolio)

The Director of Resources to submit a report seeking consideration of the draft Medium Term Financial Plan to guide the Council's forward financial planning process. The matter was included in the Notice of Executive Key Decisions and was considered by the Executive on 5 August 2013.

(Copy Report RD.32/13 and Minute Excerpt herewith)

## 81 - 100

The Director of Resources to submit a report seeking consideration of the draft Capital Strategy 2014/15 to 2018/19. The matter was included in the Notice of Executive Key Decisions and was considered by the Executive on 5 August 2013.

## A.6 DRAFT ASSET MANAGEMENT PLAN 2013 TO 2018

**101 -  
150**

The Director of Resources to submit a report on the Draft Asset Management Plan for the forthcoming period, in tandem with the Council's Medium Term Financial Strategy. The matter was included in the Notice of Executive Key Decisions and was considered by the Executive on 5 August 2013.

## **A.7 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT**

### **APRIL TO JUNE 2013**

**151 -  
166**

The Director of Resources to submit the first quarter Capital Monitoring Report covering the period April to June 2013. The matter was considered by the Executive on 5 August 2013.

(Copy Report RD.28/13 and Minute Excerpt herewith)

<b>A.8</b>	<b><u>REVENUE BUDGET OVERVIEW AND MONITORING REPORT</u></b>	<b>167 -</b>
	<b>APRIL TO JUNE 2013</b>	<b>188</b>

(Finance, Governance and Resources Portfolio)

The Director of Resources to submit the first quarter Revenue Monitoring Report covering the period April to June 2013. The matter was considered by the Executive on 5 August 2013.  
(Copy Report RD.29/13 and Minute Excerpt herewith)

<b>A.9</b>	<b><u>QUARTER ONE PERFORMANCE REPORT 2013.14</u></b>	<b>189 - 202</b>
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(Finance, Governance and Resources Portfolio)

The Policy and Communications Manager to submit performance monitoring reports relevant to the remit of the Resources Overview and Scrutiny Panel.  
(Copy Report PC.15/13 herewith)

<b>A.10</b>	<b><u>CORPORATE PROGRAMME BOARD</u></b>	<b>203 - 210</b>
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(Cross Cutting Portfolio)

The Town Clerk and Chief Executive to submit an update on the Corporate Programme Board.  
(Copy Report CE.09/13 herewith)

## PART B

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

- NIL -

**Members of the Resources Overview and Scrutiny Panel:**

**Conservative:** Bowman S, Craig, Layden, Mrs Clarke (sub),  
Mallinson J (sub), Mrs Prest (sub)

**Labour:** Atkinson K, McDevitt, Watson (Chairman), Forrester (sub),  
Ms Patrick (sub), Miss Sherriff(sub)

**Independent:** Betton (Vice Chairman), Graham (sub)

***Enquiries, requests for reports, background papers, etc to  
Committee Clerk: Rachel Rooney – 817039***



## **RESOURCES OVERVIEW AND SCRUTINY PANEL**

**THURSDAY 18 JULY 2013 AT 10.00AM**

**PRESENT:** Councillor Watson (Chairman) Councillors Atkinson K, Betton (from 10.35am), Bowman S, Craig, Forrester (as substitute for vacancy) Layden and McDevitt.

**ALSO PRESENT** Councillor Dr Tickner – Finance, Governance and Resources Portfolio Holder  
Councillor J Mallinson – Observer  
Alex Sargeson - Student

**OFFICERS** Town Clerk and Chief Executive  
Director of Resources  
Organisational Development Manager  
Scrutiny Officer

### **ROSP.46/13 APOLOGIES FOR ABSENCE**

No apologies for absence were submitted.

### **ROSP.47/13 DECLARATIONS OF INTEREST**

There were no declarations of interest in respect of the business to be transacted at the meeting.

### **ROSP.48/13 CALL-IN OF DECISIONS**

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

### **ROSP.49/13 WELCOME**

The Chairman welcomed Alex Sargeson, a Politics student from Leicester University to the meeting.

### **ROSP.50/13 MINUTES OF PREVIOUS MEETING**

**RESOLVED** – That the minutes of the meetings held on 4 April 2013 and 6 June 2013 be agreed as a correct record of the meeting and signed by the Chairman.

### **ROSP.51/13 OVERVIEW REPORT AND WORK PROGRAMME**

The Scrutiny Officer presented report OS.17/13 which provided an overview of matters that related to the work of the Resources Overview and Scrutiny Panel's work.

The Scrutiny Officer reported:

- The Notice of Key Executive Decisions had been published on 5 July 2013 and the following issues fell within the remit of the Panel:

KD.010/13 – Medium Term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2014/15 to 2019/20  
KD.012/13 – Asset Management Plan 2013 to 2018  
Both items would be available for scrutiny on 29 August 2013.

KD.017/13 – Asset Review Business Plan Reinvestment Property Acquisition – This item was a request for the release of funding, the decision would be taken by the Executive on 5 August 2013.

Members did not raise any questions or comments on the items contained within the Notice of Key Decisions.

- The following references from the Executive at their meeting on 31 May 2013 had been circulated:  
EX.48/13 – Provisional General Fund Revenue Outturn 2012-13  
EX.49/13 – Provisional Capital Outturn 2012-13 and Revised Capital Programme 2013-14  
EX.50/13 – Treasury Management Outturn 2012-13  
EX.51/13 – Provisional Outturn for Council Tax and NNDR 2012-13  
EX.52/13 – Elected Members' Allowances – Provisional Outturn 2012-13
- The following references from the Executive at their meeting on 1 July 2013 had been circulated:  
EX.67/13 – Treasury Management Counterparties  
EX.74/13 – 2012/13 Summary of Service Standards
- The Work Programme was attached to the report. The Significant Partnership report would be considered by the Panel at its meeting on 29 August 2013.

The Chairman reminded the Panel of the Saving Paper Task and Finish Group and the move towards paperless meetings. He raised concerns regarding the amount of paper which had been sent out for the Council meeting on 16 July. He felt that the Group should reconvene to discuss potential areas to make savings and include the Town Clerk and Chief Executive and ICT Connect.

The Finance, Governance and Resources Portfolio agreed that more work could be done to reduce the paper within the authority and make further savings. He thanked ICT Connect for their support in signing Members up to paperless meetings and for the informative session they held on tablets.

Members agreed that the amount of paperwork sent to Members made it difficult to absorb all of the necessary information and make comment on it. They felt that the information which Members had to receive could be compacted so Members could keep up to date with the information.

The Town Clerk and Chief Executive acknowledged that there must be more effective ways of communicating information to Members and agreed to look at the issue further if Members so required it. He added that work could be done to find ways of making the information more accessible and useful to assist Members in decision making and separating the information relevant to their roles.



In response to a Member's concerns the Director of Resources explained that the City Council had a robust business continuity plan in place which covered any potential issues with IT failure.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to this Panel OS.17/13 be noted.

2) That the following Key Decisions be considered by the Panel at their meeting on 29 August 2013:

KD.010/13 – Medium Term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2014/15 to 2019/20

KD.012/13 – Asset Management Plan 2013 to 2018

3) That the following Minute Excerpts from the Executive be noted:

EX.48/13 – Provisional General Fund Revenue Outturn 2012-13

EX.49/13 – Provisional Capital Outturn 2012-13 and Revised Capital Programme 2013-14

EX.50/13 – Treasury Management Outturn 2012-13

EX.51/13 – Provisional Outturn for Council Tax and NNDR 2012-13

EX.52/13 – Elected Members' Allowances – Provisional Outturn 2012-13

EX.67/13 – Treasury Management Counterparties

EX.74/13 – 2012/13 Summary of Service Standards

4) That the Saving Paper Task and Finish Group be reconvened to monitor recommendations and investigate further savings.

## **ROSP.52/13      2012/13 END OF YEAR SICKNESS ABSENCE REPORT**

The Town Clerk and Chief Executive submitted report CE.06/13 which set out the authority's sickness absence levels for the period April 2012 to March 2013, the trends through 2012/13 and other sickness absence related information.

The Town Clerk and Chief Executive reported that the full time equivalent (FTE) sickness absence recorded in 2011/12 had been the highest experienced by the authority in five years. As a consequence efforts had been made to address the increasing levels of absenteeism and a Lean Systems Review of the sickness absence was also initiated and managers were provided with further support to help reverse the trend.

The 2012/13 annual sickness absence level had reduced by 18% to 9.06 working days lost per FTE employee compared to 2011/12. The reduction could be attributed to four out of six directorates experiencing a reduction in absenteeism and nearly 550 less FTE days being lost to short term absences and 870 less days lost to long term absences. A full break down of the sickness absence levels for 2012/13 had been included in the report as appendix A.

The Town Clerk and Chief Executive informed the Panel that previous sickness figures had not included the shared Revenues and Benefits Service due to significantly higher absences in the group that had been TUPE'd from Copeland and Allerdale Councils. The Human Resources team had worked closely with managers in the service and as a result the figures were consistently on par with the rest of the authority and were included in the 2012/13 absence figures.

The Town Clerk and Chief Executive gave details on the reasons for the absences which were primarily musculo-skeletal related problems. Further analysis was required into the causes of the problems but only one in seven of employees absent with the symptoms had been seen by Occupational Health. It was also worth noting that nineteen other employees had been referred to a physiotherapist without being absent from work.

He highlighted that 96% of Return to Work Interviews had been conducted for absences occurring in 2012/13 which represented a significant improvement on previous years. The main reasons that the Interviews had not been completed was either because the employee had left the authority before returning to work or the employee had gone off sick again before the interview had been completed.

The report had included a graph showing the trend in the number of days lost to sickness absences that had resulted from accidents occurring whilst the employee was at work. The graph showed an overall downward trend but, due to the workforce size and total days lost to sickness absence decreasing, the proportion of the days lost caused by work related accidents was actually increasing.

The Town Clerk and Chief Executive detailed the actions which had been carried out to improve the sickness absence including the Lean Systems Review and a revamped Attendance Management Policy and Procedures document. He also highlighted a number of actions which were still to be completed which included additional work on Trent and additional reporting on physiotherapy, occupational health and counselling.

In considering the Sickness Absence Report Members raised the following comments and questions:

- Had the benchmarking been carried out?

The Town Clerk and Chief Executive explained that the information was being compiled. He added that it would be helpful for the authority to compare absenteeism against organisations in general and not just local authorities. He agreed to circulate the information to Members.

- Had any consideration been given to bonuses for staff who did not have any sickness absence or incentives for staff to reduce sickness?

The Town Clerk and Chief Executive confirmed that discussions regarding incentives had taken place in the past. It was felt that the incentive for work was the salary. He thought that ensuring that the work place was an enjoyable place where staff had a clear sense of purpose and supportive management would have a positive effect on sickness and was a long term gain for the authority. He acknowledged that incentives may also make staff come to work when they were ill and he did not want this to happen.

- Had there been any further analysis of the increase in the 'other musculo-skeletal' sickness absence and why had only 1 in 7 been referred to Occupational Health??

The Director of Resources highlighted the increase in long term absence in the Resources Directorate. He explained that these absences were due to 4 long term absences recorded as other musculo-skeletal and they accounted for the rise in absence recorded under that reason. Three of the staff had returned to work and one member of staff had

retired on ill health. The return of the staff would be shown in next year's absence figures as reduction in the other musculo-skeletal reason.

- Was the authority confident that the reasons for absence were being recorded correctly? In particular, were staff declaring whether stress related absence was work related or not?

The Town Clerk and Chief Executive had no reason to be concerned that staff were not completing the reasons for absence correctly.

- Was there any evidence available that showed that Occupational Health referrals were working?

The Director of Resources reminded that Panel that absence levels had been particularly high approximately 8 years ago. As a result a number of measures had been introduced including a robust Occupational Health referral system which resulted in the absence figures reducing dramatically.

The Town Clerk and Chief Executive suggested that the Occupational Health provider be invited to a future meeting to discuss the work being undertaken and the benefits of the service.

- Would the transfer of the Highways staff to the County Council affect the sickness absence figures?

The Town Clerk and Chief Executive responded that it was reasonable to expect that the reduction in manual staff would impact on the sickness absence figures.

RESOLVED – 1) That the 2012/13 end of year sickness absence report (CE.06/13) be noted.

2) That the Town Clerk and Chief Executive circulate the benchmarking information to Members.

3) That the Occupational Health provider be invited to a future meeting of the Panel to discuss the impact of the service on absence figures.

## **ROSP.53/13      ORGANISATIONAL DEVELOPMENT PLAN REPORT**

The Organisational Development Manager presented the end of year 2012/13 Organisational Development Plan (CE.07/13).

The Organisational Development Manager reminded the Panel of the background to the Organisational Development Plan which had been included in the report as Annex A. She highlighted the progress made against each priority drawing attention to the Employee Opinion Survey, the Leadership Development Programmes, the introduction of the Management Competency Framework and the Corporate Training Programme.

She circulated a comparison document to Members which compared 2011 key measures of success against 2013. She highlighted a number of successes which included the number of employees working towards qualifications, sickness absence and items from the Employee Opinion Survey.

The Organisational Development Manager informed the Panel that a Members Health day had been arranged for 10 September to take place before the Council meeting. The Employee Assistance Programme had been opened up to Members and their families and more information on both would be circulated to Members.

The Finance, Governance and Resources Portfolio Holder thanked the Organisational Development Team for their hard work in arranging a wide variety of training, support and health and wellbeing events, the importance of which had been highlighted with the tragic death of Professor Joe Hendry.

In considering the Organisational Development Plan Members raised the following questions and comments:

- What had been the cost of the staff flu jabs?

The Organisational Development Manager responded that the flu jabs had been £9 per vaccine and had been funded through the holiday purchase scheme income.

- How many future managers had been identified within the authority?

The Organisational Development Manager explained that approximately half of the staff undertaking the ILM courses were aspiring managers. Alongside the ILM course the authority had ran a number of courses aimed at aspiring managers and they had been well attended.

- How many staff had moved positions within the authority as a result of the training programme?

The Organisational Development Manager agreed to provide a written response to Members.

- What was the water bottle project?

The Organisational Development Manager outlined a Men's Health day which had been held in 2011. Results on the day showed that some men, particularly those that worked outdoors, had a low water level and were slightly dehydrated. The team had a number of water bottles printed with Carlisle City Council and Healthy Cities to give staff alongside holders to encourage them to drink more water.

RESOLVED – That the Organisational Development Plan update (CE.07/13) be noted.

(The meeting ended at 11.05am)

# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.2**

Meeting Date: 29<sup>th</sup> August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework  
Public / Private Public

Title: OVERVIEW REPORT AND WORK PROGRAMME  
Report of: Overview and Scrutiny Officer  
Report Number: OS 20/13

## Summary:

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

## Recommendations:

Members are asked to:

- Decide whether the items on the Notice of Key Executive Decisions should be included in the Panel's Work Programme for consideration.
- Note and/or amend the Panel's work programme

## Tracking

Executive:	-
Overview and Scrutiny:	<b>29<sup>th</sup> August 2013</b>
Council:	-

## 1. Notice of Key Executive Decisions

The most recent Notice of Key Executive Decisions was published on 2<sup>nd</sup> August 2013. The following issues fall into the remit of this Panel and full details are attached at **Appendix 1**:

**KD.010/13 Medium Term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2014/15 to 2019/20** – *on the agenda for this meeting of the Panel*

**KD.012/13 Asset Management Plan 2013 to 2018** – *on the agenda for this meeting of the Panel*

**KD.020/13 Repair and Cleaning of The Cenotaph, Rickerby Park** - *The Executive will be asked at their meeting on 30<sup>th</sup> September to approve a project and funding to repair and clean The Cenotaph in time for the 100th Anniversary of the commencement of the First World War (July 2014).*

## 2. References from the Executive

There are no additional references from the Executive from their meeting held on 5<sup>th</sup> August 2013 other than those items already on the agenda of this Panel meeting.

## 3. Work Programme

The Panel's current work programme is attached at **Appendix 2** for comment/amendment.

**Contact Officer:** Nicola Edwards

**Ext:** 7122

**Appendices**

**attached to report:**

1. Notice of Key Decisions

2. Resources O&S Work Programme 2013/14

**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:** None

Items relevant to the Resources Overview and Scrutiny Panel:

**Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.010/13
Decision Title:	The Medium Term Financial Plan (including the Corporate Charging Policy) and the Capital Strategy 2014/15 to 2018/19
Decision to be taken:	To consider the Council's Medium Term Financial Plan and Corporate Charging Policy, and the Council's Capital Strategy and make recommendations to Council on 10th September 2013.
Date Decision to be considered:	5 August 2013 consultation period to include Overview and Scrutiny as appropriate
Date Decision to be taken:	2 September 2013
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Director of Resources will be available five working days before the meeting
Contact Officer for this Decision:	Director of Resources, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Dr Tickner)
Relevant or Lead Overview and Scrutiny Panel:	Resources Overview and Scrutiny Panel

All public reports can be viewed in the Customer Contact centre of the Civic Centre, Carlisle, the Public Library and on the Council's website [www.carlisle.gov.uk](http://www.carlisle.gov.uk).

Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.

Items relevant to the Resources Overview and Scrutiny Panel:

**Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.012/13
Decision Title:	The Asset Management Plan 2013 to 2018
Decision to be taken:	The Executive will be asked to consider the Council's Asset Management and make recommendations to Council on 10 September 2013
Date Decision to be considered:	5 August 2013 consultation period to include Overview and Scrutiny as appropriate
Date Decision to be taken:	2 September 2013
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Director of Resources will be available five working days before the meeting
Contact Officer for this Decision:	Director of Resources, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Dr Tickner)
Relevant or Lead Overview and Scrutiny Panel:	Resources Overview and Scrutiny Panel

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Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.



Items relevant to the Resources Overview and Scrutiny Panel:

**Notice of Key Decisions to be taken by the Executive**

The following key decision is to be made on behalf of Carlisle City Council:

Key Decision Reference:	KD.020/13
Decision Title:	Repair and Cleaning of The Cenotaph, Rickerby Park
Decision to be taken:	The Executive will be asked to approve a project and funding to repair and clean The Cenotaph in time for the 100th Anniversary of the commencement of the First World War (July 2014)
Date Decision to be considered:	
Date Decision to be taken:	30 September 2013
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Director of Resources will be available five working days before the meeting
Contact Officer for this Decision:	Director of Resources, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Dr Tickner)
Relevant or Lead Overview and Scrutiny Panel:	Resources Overview and Scrutiny Panel

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Other documents relevant to the matter may be submitted to the decision maker. These, if available, may be obtained by contacting the named contact officer.

## RESOURCES OVERVIEW AND SCRUTINY PANEL WORK PROGRAMME 2013/14

Date last revised: 13 August 2013

Issue	Type of Scrutiny						Comments/Current Status	Meeting Dates								
	Performance Management	Notice of Key Decision /Referred from Executive	Policy Review or Development	Scrutiny of Partnership/ External Agency	Budget	Monitoring		6 Jun 13	18 Jul 13	29 Aug 13	10 Oct 13	28 Nov 13	6 Jan 14	20 Feb 14	3 Apr 14	
Current Meeting – 29 <sup>th</sup> August 2013																
Performance Monitoring						✓	Quarterly monitoring of performance within remit of Panel	✓		✓		✓		✓		
Corporate Programme Board						✓	Quarterly monitoring of significant projects	✓		✓		✓		✓		
Medium Term Financial Plan		✓			✓					✓						
Asset Management Plan		✓			✓		2013–18 Plan			✓						
Budget Monitoring 13–14					✓	✓	Monitoring of budget			✓		✓		✓		
Significant Partnerships				✓			Bi–Annual scrutiny			✓				✓		
Task & Finish Groups																

# RESOURCES OVERVIEW AND SCRUTINY PANEL WORK PROGRAMME 2013/14

Date last revised: 13 August 2013

Issue	Type of Scrutiny						Comments/Current Status	Meeting Dates							
	Performance Management	Notice of Key Decision /Referred from Executive	Policy Review or Development	Scrutiny of Partnership/ External Agency	Budget	Monitoring		6 Jun 13	18 Jul 13	29 Aug 13	10 Oct 13	28 Nov 13	6 Jan 14	20 Feb 14	3 Apr 14
Saving Paper Task Group			✓				To reconvene Task Group to monitor recommendations and investigate further savings			✓					
Future Meetings															
Sickness Absence	✓						To consider reports relating to the authority's sickness absence levels – invite OH		✓			✓		✓	
Organisational Development Plan	✓					✓	To consider review of Plan July – monitor performance in Nov & Feb		✓			✓		✓	
Budget					✓		Budget setting 2014/15– 2018/19					✓	✓		
Asset Management		✓				✓	Monitor disposal and investment programme Review of Plan currently								

# RESOURCES OVERVIEW AND SCRUTINY PANEL WORK PROGRAMME 2013/14

Date last revised: 13 August 2013

Issue	Type of Scrutiny						Comments/Current Status	Meeting Dates							
	Performance Management	Notice of Key Decision /Referred from Executive	Policy Review or Development	Scrutiny of Partnership/ External Agency	Budget	Monitoring		6 Jun 13	18 Jul 13	29 Aug 13	10 Oct 13	28 Nov 13	6 Jan 14	20 Feb 14	3 Apr 14
							being undertaken – date TBC by Executive								
Corporate Risk Register						✓	Bi-annual Monitoring				✓				✓
Transformation Board						✓	To receive six monthly updates				✓				✓
Employee Opinion Survey							To inform Members of feedback and action plan								?
Member Training Report 2012–13						✓	Annual training report				✓				
Scrutiny Annual Report							Draft report for comment before Chairs Group								✓
COMPLETED ITEMS															
Carlisle Leisure Ltd				✓			Continued scrutiny of contract monitoring – Audit Report and update	✓							

# RESOURCES OVERVIEW AND SCRUTINY PANEL WORK PROGRAMME 2013/14

Date last revised: 13 August 2013

Issue	Type of Scrutiny						Comments/Current Status	Meeting Dates							
	Performance Management	Notice of Key Decision / Referred from Executive	Policy Review or Development	Scrutiny of Partnership/ External Agency	Budget	Monitoring		6 Jun 13	18 Jul 13	29 Aug 13	10 Oct 13	28 Nov 13	6 Jan 14	20 Feb 14	3 Apr 14
Treasury Management Counterparties		✓					Scrutinise report recommending amendments to Treasury Management	✓							
2012/13 Provisional Outturn Reports					✓		Outturn reports and requests to Council	✓							

For Information	



# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.3**

Meeting Date: 29th August 2013

Portfolio: Cross Cutting

Key Decision: Not Applicable:

Within Policy and

Budget Framework YES

Public / Private Public

Title: ANNUAL PARTNERSHIPS REVIEW 2012/13

Report of: Director of Resources

Report Number: RD24/13

## Purpose / Summary:

This report provides information relating to the Council's Partnership arrangements, the categorisation of partnerships and the monitoring of the main aims and objectives over the 2012/13 financial year.

## Recommendations:

Members are asked to consider the content of this report, the method of evaluation and note the continuing aim to coordinate the council's partnership arrangements.

Members are also asked to consider the revised categories and monitoring arrangements to be introduced in 2013/14.

## Tracking

Executive:	<b>Not Applicable</b>
Overview and Scrutiny:	<b>Not Applicable</b>
Council:	<b>Not Applicable</b>

## **1. BACKGROUND**

- 1.1 This report is intended to provide Members with an overview of the arrangements for monitoring the Council's partnership activities. It incorporates the type and number of arrangements in place and further provides an evaluation of the main aims and objectives of each partnership.

This report does not provide in-depth analysis of each partnership given that most are reported individually to various panels and boards throughout the council. It does however; provide a summary of each arrangement with an emphasis on the major or significant partnership arrangements active in 2012/13.

## **2. PARTNERSHIP**

- 2.1.1 Working in partnership has become central to the work of modern local authorities in achieving wider strategic objectives. The number and range of partnerships that are recorded and formally monitored within the Council has grown in recent years. This has two main causes, the first being as a direct response to central Government requirements as a result of local responses to particularly challenging issues, and the second being the introduction of more robust internal monitoring arrangements.
- 2.1.2 It is clear that a number of informal arrangements have existed throughout the council for a number of years and that not all were registered formally or had clear objectives and governance arrangements in place. Most of these are now monitored and their objectives understood. However further work is needed in bringing other collaborative and non-contractual agreements within the Council's internal monitoring and scrutiny arrangements. Senior management is adding monitoring responsibilities to appropriate officer roles within Directorates to address this issue.
- 2.1.3 It is intended that with effect from April 2013 a re-categorisation of all partnership, collaborative and contractual arrangements will commence. The revised categories are attached as **Appendix A** and the half yearly report to be issued in December 2013 will fully incorporate this information.

### **2.2 Partnership Definition**

- 2.2.1 The term "partnership" as defined by Carlisle City Council relates to a formal arrangement where the Council works collaboratively with other public bodies, voluntary and community organisations and businesses on a range of issues. This



offers the Council the opportunity of increasing the level of participation in decision-making and widens the opportunities for inclusion and local community governance.

2.2.2 Working in partnership is no longer just an ideological choice and has been recognised as the only way to bring sufficient capacity to bear upon making Carlisle the place it deserves to be.

2.2.3 A partnership agreement also ensures a degree of openness and transparency and prevents the council being placed at risk.

## **2.3 Partnership Classification**

2.3.1 The Council needs to ensure that all partnerships have clear terms of reference, clear goals, exit strategies, robust monitoring measures and that all partners have defined roles.

2.3.2 Partnerships fall into a range of types and will evolve over time. What might start out as parties coming together to agree joint outcomes and working arrangements can develop into a new stand-alone entity, legally separate from the parent partners.

2.3.3 Up until 31<sup>st</sup> March 2013, the Council had four types of partnership classification, monitored and reported to elected members i.e.

- Significant Partnerships – these have defined goals to achieve, have funding attached, their aims and objectives are shared, outcomes are delivered and benefits can be measured. Significant partnerships have funding over £70,000. (In 2010/11 the Audit Committee agreed to include all Shared Service arrangements within the Significant Partnership category. Subsequently the two outsourced functions, Tullie House Trust and Carlisle Leisure were also added to this category for monitoring purposes).
- Minor Partnerships – have defined goals to achieve, funding is attached and aims and objectives are shared, their outcomes are delivered and benefits are measured. Minor partnerships have funding under £70,000.
- Member Partnerships - are classified as purely advisory with no funding attached. They may be aimed at a strategic level and have been set up to govern smaller partnerships, which deliver actual outcomes.
- Participatory Partnerships - are not true partnerships but are included for clarity. These are where grant funding is provided by the Council, usually with other

external bodies to local associations, groups and initiatives (e.g. Community Centres).

- 2.3.4 For clarification purposes there exists a common misconception that arrangements where grant funding is provided by the Council, often alongside other external bodies, to local associations, groups and initiatives are regarded as partnerships. Similarly, there are examples where the Council has effectively contracted out a service to an external provider and although the provider continues to support the achievement of the Council's aims and objectives and may publicise a partnership working arrangement with the Council they are not partnerships.
- 2.3.5 Whilst these are entities which the Council has an interest in and can include voting/nomination rights, they are not considered true partnerships because the Council cannot demonstrate that its involvement is wholly intentional and directly meet specific corporate aims and objectives.
- 2.3.6 In addition to the above the Council does favour and openly assist some third sector organisations and obtain external funding on their behalf. Whilst these actions do not fully meet the above partnership definition they are a conscious decision by the Council to meet community needs by a non-contractual, non-partnership, collaborative working arrangement, e.g. The Carlisle and District SPAA Foundation Limited (SPAAF).

## **2.4 Partnership Monitoring**

- 2.4.1 The Executive is responsible for approving delegations, including frameworks for partnerships and is the focus for forming partnerships with other local public, private voluntary and community sector organisations to address local needs. The Executive can delegate functions, including those relating to partnerships, to officers and these are set out in the scheme of delegation that forms part of the Council's constitution.
- 2.4.2 The Council monitoring officer must consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and must further ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- 2.4.3 Similarly, the Director of Resources is responsible for promoting and maintaining the standards of conduct with regard to financial administration that apply throughout the Council and must ensure that partnership accounting arrangements are satisfactory.

- 2.4.4 All Directors are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies
- 2.4.5 The responsibility for each partnership or working arrangement lies within the directorate concerned and whilst the ultimate responsibility sits at Director level, the responsibility for setting up and managing a partnership and monitoring and reporting on performance is usually undertaken by a nominated operational lead officer. Where requested Financial Services and Legal Services provide advice and guidance on partnership matters.
- 2.4.6 A central Partnerships register incorporating details of all known partnerships is maintained by Financial Services; the 2012/13 register currently contains only 1 entry which is categorised as significant; however there are other shared service and out-sourced contracts which fall under this definition.

## **2.5 Annual Review**

- 2.5.1 A partnership policy was agreed by council which specifically states the need to draw up a business case and identify risks before entering into a partnership and to complete an annual review to monitor it on an ongoing basis. As with any other activity a partnership needs to be reviewed periodically.
- 2.5.2 The Council currently undertakes two partnership reviews per year; an annual report is issued in July/August which considers the performance of all partnerships covering the previous financial year and a six-monthly review on significant partnerships is issued in December to ensure the Council's involvement is still relevant and that each is delivering the required outputs and meeting the Council's aims and objectives.
- 2.5.3 In 2012/13 the Council had only 1 significant partnership, 3 shared service arrangements and 2 other contracted out services that fit the definition.
- 2.5.4 The annual review procedure requires the lead officer of each partnership to provide information on key monitoring questions, which relate to performance monitoring and risk assessment. The review aims to ensure the partnership is delivering its aims, continues to meet Council priorities, and considers risk, financial performance and funding. Where an external review has been undertaken by a funding body or nominated external auditor the outcomes of that review is subsequently recorded for scrutiny.
- 2.5.5 All significant partnership reviews have been completed for 2012/13 and a summary of the outcomes of each is attached for information at **Appendix B**.

2.5.6 Information provided in Appendix B identifies progress against the following elements:

- The type of agreement in place
- The Date of Commencement
- Funding and the Council's contribution
- Delivering Council Priorities
- Performance Targets
- Customer Satisfaction

2.5.7 The overall conclusion to be drawn from the information provided by lead officers is that each partnership reported has different roles and priorities but each has a system of monitoring in place which allows for the early notification of issues which could become problematical and will enable actions to be taken to address these issues before they develop further.

2.5.8 A summary of all registered non-significant partnership responses is also attached and the content illustrates that each has a formal system of control, is providing benefits towards the council's objectives, supports the wider community and provides direct or indirect benefits. Details can be found at **Appendix C**.

### **3. CONSULTATION**

3.1 Directorates and lead Partnership officers have provided evidence and information to substantiate the evaluation and findings of this report; a copy of each response is available if requested.

3.2 An officer working group led by the Director of Resources and Director of Governance has met to review, re-categorise and revise the monitoring arrangements for partnerships and contracts and these will be effective from 1<sup>st</sup> April 2013.

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

4.1 In general terms the performance of each partnership is measured by the attainment of objectives and targets however, in a number of these arrangements the base targets and output requirements are un-determined the purpose of the partnership is unspecific or the partnership is too young to have sufficient evidence with which to accurately monitor performance.

- 4.1.1 The information attached illustrates the performance of each significant partnership throughout 2012/13 and indicates their adherence to the main aims and objectives set out in the original arrangement.
- 4.1.2 All other partnerships have different acceptance criteria however; in the main the two minor partnerships have achieved their individual objectives.
- 4.1.3 The member category is purely advisory with no council funding attached however; most of these arrangements appear to be achieving their main aims and objectives and are seen to be long term arrangements which remain part of the Council's future plans and priorities.
- 4.1.4 Participatory partnerships in 2012/13 number three. These arrangements are examples of services the Council supports in the community on an ongoing basis.
- 4.1.5 Members of the Resources Overview and Scrutiny Panel are recommended to note the content of this report, the governance arrangements currently in place and the revised categorisation proposals and decentralised monitoring arrangements for 2013/14 onwards.

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

- 5.1 Each partnership as listed has received the appropriate Director's approval prior to creation. The relevant Carlisle plan priorities for each partnership were also considered at the time of inception and Directors are responsible for ensuring that any subsequent changes are refreshed and pertinent to the continuation of the partnership agreement in the longer term.

**Contact Officer:**                      **Alison Taylor**    **Ext: 7290**

**Appendices**  
**attached to report:**                      **Appendix A – Revised Categories 2013/14**  
   **Appendix B – Significant Partnership Review 2012/13**  
   **Appendix C – Non Significant Partnership Review 2012/13**

**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:**

## **CORPORATE IMPLICATIONS/RISKS:**

**Chief Executive's** – not applicable

**Community Engagement** – not applicable

**Economic Development** – not applicable

**Governance** – The Report explains the proposed revised definitions of the differing types of partnership/contractual arrangements that the Council has. It is important to have clarity in this regard so that the Council is better able to evaluate its commitments and, also, what it may expect from other parties that it is in a relationship with.

**Local Environment** – not applicable

**Resources** – included within the main body of the report

Non-Contributory	Those arrangements which have no funding attached are advisory or are termed locally as outside bodies. (Councillor membership)
Contributory Partnership	All arrangements which have funding/contributions attached e.g. Law Centre, Citizens Advice, Community Centres. These should generally, if not always, be governed by an SLA or other Agreement.
Contract	Any legally enforceable agreement for goods, works or services.
Contractual Partnership	Any significant contractual partnership, e.g. CLL.  NB: These are significant contracts with other parties during which they are our procured 'partner' of choice but, at the end of any contract a further procurement process is undertaken.  Significant - to incorporate any arrangements with funding in excess of £70,000 which have defined goals to achieve, funding attached, their aims and objectives are shared, outcomes are delivered and benefits can be measured.
Shared Service/Outsourced function	Significant Shared Service/delivery of an outsourced function with another public body/body set up for the purpose: <ul style="list-style-type: none"> <li>• Tullie House</li> <li>• Revs and Bens</li> <li>• ICT</li> <li>• Internal Audit</li> </ul> NB: The partnerships in this category are freely and directly negotiated with our partners and are not subject to a procurement process.

Name of Partnership / Activity	Date Commenced	Statutory Function?	City Council Funding %	City Council Annual Contribution £	2012/13 Costs £	Variance £	Financial Accountability	Does An Exit Strategy Exist	Is customer satisfaction Measured	Are Targets set and aimed at Improving Performance	Are Performance Measures Benchmarked	Who does the Partnership / Activity Report to	Does the partnership ensure all organisations are making a significant contribution	Are Senior Officers from all partners represented at Board Level and when do they meet?
<b>Carlisle Partnership</b>	2006	NO	100%	£60,600	£59,168	£1,432	Wholly funded by City Council	NO	NO	YES - Targets are approved by the Executive and are highlighted in the 2011-16 Community plan	YES	Accountable to the Council Executive	YES - Membership is reviewed and refreshed every 3 years. AGM considers partnership business	N/A
<b>Internal Audit Shared Service</b>	2010	YES	12%	£109,663	£109,663	£0	Funded by 4 Cumbrian Councils	YES	YES - via Client evaluation feedback form	YES - Performance reported to Council Audit Committee	YES	An Operational Board and a Strategic Board	N/A	YES - Meetings are meant to be quarterly but only one formal meeting has been held to date
<b>Revenues and Benefits Shared Service</b>	2010	YES	37%	£1,329,350	£1,303,809	£25,541	DWP Funding 53.67% or £1,929,821 - ABC = 35%, CBC = 28%,	NO	NO	YES - Targets set and reported to Operational Board	YES	Monthly report to Operational Board and Quarterly reports to Strategic Board	N/A	Yes - Meetings are monthly to the operational Board and Quarterly to the Strategic Board
<b>ICT - Shared Service</b>	2010	NO	54.92%	£1,644,400	£1,644,400	(Surplus netted off to fund one-off costs and invoices in dispute from 2011)	ABC = 45.08% CCC = 54.92%	YES	YES - via Internal Questionnaire	YES - Targets set and reported to Strategic Board	YES	An Operational Board and a Strategic Board	N/A	Yes - Meetings are monthly to the Operational Board and six monthly to the Strategic Board
<b>Tullie House Trust</b>	2011	NO	59%	£1,260,000	CLL Accountant has advised that 2012/13 Accounts with Organisation Auditors 05/07/2013		CCC = 59% Arts Council Grant = 24% Income Generated = 14% Others = 3%	NO	YES - Feedback Cards, Annual Survey, Monitoring of Complaints	Some Targets are included in the Business Plan. A Performance Framework is in place. However, targets are mostly aspirational and for future years. Other targets are still to be set. New Targets will be agreed jointly with THT and Director of Community Engagement	NO	THT Board and Quarterly Performance Meetings with Director of Community Engagement. Business Plan reported annually to Full Council	YES	N/A
<b>Carlisle Leisure Contract</b>	2002	NO	24%	£800,000	CLL Accountant has advised that 2012/13 Accounts with Organisation Auditors 05/07/2013		CCC = 24% Self Generated Income = 75%	NO	YES - Feedback Cards and annual surveys	Annual Targets are set jointly by CLL and Director of Community Engagement - Also regular meetings occur between CCC Chief Executive and CLL Managing Director	YES	CLL Board is accountable - Financial Information is now received from CLL. Profit/Loss reported Quarterly and full accounts published annually	YES	N/A



Category	Name of Partnership / Activity	Date Commenced	Objectives and Aims	Expected Outcomes	Role of the Council	Other Partnership Members	City Council Contribution 2012/13 £
Minor	Cumbria Tourist Board	1999	Raise profile of tourism and increase visitor stays on Carlisle. Look at best opportunities for joint working.	Increased Investment in tourism accommodation and attractions, Increase in Conference facilities and Events.	1 Councillor on the General Tourism Council 2 Councillors (from 6 councils across Cumbria) on Board which has a total membership of 14.	The purpose of the Partnership is to provide support and guidance to the Executive Board and officers of Cumbria Tourism on the development of the visitor economy in Cumbria. The Partnership is made up of over 50 key players from both public and private sectors.	£4,000
Minor	Solway Firth Partnership	1994	Secure Environmentally sustainable future for the Solway Firth Area		Corporate Member, council contributes £1000 per year to budget . 1 member attends each board meeting , corp member entitled to 5 votes	Allerdale, Annan Salmon Fishery , Copeland, Crown Estate ,Cumb County Council, Dunf & Galloway Council	£1,000
Member	Carlisle Tourism Partnership	2009	Support the growth and development of tourism in the areas of urban and rural Carlisle	Increased Investment in tourism accommodation and attractions, Increase in Conference facilities , Events etc etc	Original Partnership board met once per quarter to monitor progress towards agreed action plan. External Funding Ceased in 2011/12 and the Council is reviewing the role, objectives and focus of Tourism in the City	Originally Cumbria Tourism,Hadrians Wall Heritage Ltd, NWDA	Officer Time Only
Member	Settle Carlisle Railway Development Co	1992	Develop the Railway for Tourism	Increase Tourism	Limited to officer time. Council Nominee on Board	The Settle-Carlisle Railway Development Company was formed in 1992 as limited by guarantee, not for profit partnership to encourage sustainable commercial development. Senior figures in the region formed the company to provide a powerful network to stimulate appropriate development involving all the local authorities and public sector bodies in the region surrounding the railway	Officer Time Only
Member	Crime & Disorder Reduction	1998	Reducing Crime, Disorder, Substance misuse and Anti-Social Behaviour (including environmental ASB) in Carlisle & Eden		The Council is formally represented on the Leadership Group	Eden District Council; Cumbria Police Authority; Cumbria County Council; Cumbria Fire Authority; PCT	Officer Time Only
Member	Carlisle Equality & Diversity Group	2005	Encourage Community Cohesion, Promote equality of service provision and Quality of life for all		City Council set up the partnership, facilitates and chairs meetings	Cumbria County Council, Police, Fire Service, NHS, CVS, CAB, University of Cumbria Carlisle college, Mind, Riverside, Outreach Cumbria, PCT, Action for Blind, Cumbria Multi Cultural Group	Officer Time Only
Member	Chances Park	2007	Renovated park providing enhanced amenity value for the people of the area.		Advisory and to act as the Accountable body - Plus initial contribution of £40,000	Morton Community Centre, Friends of Chances Park	Officer Time only
Member	Cumbria Strategic Waste	2004	To sustainably manage Cumbria's waste. Promote more focused and co ordinated cross council working with regard to waste minimisation and recycling to realise significant savings by working together .	The partnership has provided significant revenue and capital funding to the Council for waste minimisation initiatives. The aims of the partnership accord with the Council's aims.	As a waste collection authority, the Council has a key role to play in helping the Partnership achieve its aims.	Cumbria County Council, Allerdale Borough Council, Barrow Borough Council, Copeland Borough Council, Eden District Council, South Lakeland Borough Council, Environment Agency, North West Recycling Forum	Officer Time Only
Member	Play Partnership	2007	Working in partnership and reflecting the diversity of communities, both urban and rural, the partnership aims to ensure that all children and young people have access to quality play opportunities, activities and environments.	Links to Carlisle Plan Actions	Secretariat & Advisors - facilitating meetings e.g. preparing agenda's, organising meetings and taking and circulating minutes to record all proceedings and resolutions. Oversee implementation of play strategy and monitor and evaluate BIG Lottery projects.	Individuals and groups whose services impact either directly or indirectly on children and young people.	Officer Time Only
Member	The West Cumbria Managing Radioactive Waste Safely Partnership	2009 ended July 2012	To make recommendations to Allerdale , Copeland , and Cumbria County Councils on whether they should participate or not in the Geographical siting process	Carlisle CC is just an observer , no influence over decision making		Allerdale , Copeland , Cumbria County Council	Officer Time Only
Member	Making Space for Water	2009	To improve and resolve Flooding Issues	A cross Government programme charged with developing the strategy for flood and coastal erosion risk management in England. To manage the risks from flooding and coastal erosion by employing an integrated portfolio of approaches which reflect both national and local priorities.	To cooperate with other partners to improve and resolve Flooding issues.	Cumbria County Council and DEFRA	Officer Time Only
Minor	Sub Regional Choice Based Lettings	2007	To deliver on a sub regional basis a choice based lettings scheme for accessing social rented housing by clients seeking housing in Cumbria. The partnership has been awarded Government funding to do this.	Benefits include more choice for customers and those in need, common allocation policies and common list for accessing social housing which are policies that the Council identifies in the Housing Strategy. 5 year partnership due to end 2015	The Council is one of 4 local authority strategic housing authorities in the partnership and is one of the 13 partners for the scheme. One off Capital Contribution of £17,000	Carlisle City Council, South Lakeland District council, Eden District Council, Copeland Borough Council, Cumbria Supporting People (Commissioning Body), Eden Housing Association, Carlisle Housing Association, Impact Housing Association, Home Group, Two Castles Housing Association, South Lakes Housing (ALMO), Derwent & Solway Housing Association	Officer time Only
Member	Riverside	2002	Provision of affordable rented accommodation	Area sof work where both organisations work together including development, adaptations and lettings	Council outsourced the Housing Management function in 2002/3. This partnership relates to the pursuit of joint objectives	Riverside Housing	Officer Time Only
Participatory	Community Centres	2003	To Provide Support to the Community		Funding Provider	Community Centre Committees	£303,900
Participatory	Carlisle Law Centre	Continuous	Providing free legal advice to the community		Funding Provider		£90,100
Participatory	Citizens Advice	Continuous	Provide advice and assistance with legal problems, debt and consumer issues, benefits, housing, legal matters, employment and immigration.		Funding Provider		£54,700



# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.4**

Meeting Date: 29 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref:KD10/13  
Within Policy and  
Budget Framework YES  
Public / Private Public

Title: DRAFT MTFP 2014/15 TO 2018/19  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD32/13

## Summary:

The Council's draft Medium Term Financial Plan for the period 2014/15 to 2018/19 was considered by the Executive on 5 August 2013 and sets out the framework for planning and managing the Council's financial resources.

## Questions for / input required from Scrutiny:

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

## Recommendations:

Members are asked to consider the report and make any recommendations back to the Executive for consideration at their meeting on 2 September 2013.

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Executive:	<b>2 September 2013</b>
Council:	<b>10 September 2013</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 5 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref:KD10/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: DRAFT MTFP 2014/15 TO 2018/19  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD32/13

## Purpose / Summary:

The Medium Term Financial Plan sets out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update its current five year financial plan. The Plan links the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives. The MTFP will inform the budget process and will be updated for changes when known. Following consideration by the Executive and the Resources Overview and Scrutiny Panel, final recommendations will be made to Council on 10 September 2013.

## Recommendations:

The Executive is asked to:

- (i) Comment on the draft MTFP for consideration by the Resources Overview and Scrutiny Panel on the 29 August.

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Executive:	<b>2 September 2013</b>
Council:	<b>10 September 2013</b>

## **1. BACKGROUND**

- 1.1 The Medium Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2014/15 to 2018/19. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 5 February 2013. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework providing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.

## **2. KEY DATES**

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Resources Overview and Scrutiny Panel, these will be formally approved by Council on 10 September 2013.
- 2.2 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 18 November. These reports will be scrutinised by the three Overview and Scrutiny Panels at the end of November and beginning of December.

## **3. CONSULTATION**

- 3.1 The draft MTFP has been considered by the Senior Management Team and the Joint Management Team.
- 3.2 The Resources Overview and Scrutiny Panel will consider the MTFP on 29 August, and recommendations made to full Council on 10 September.
- 3.3 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate

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

- 4.1 The Executive is asked to:  
Comment on the draft MTFP for consideration by the Resources Overview and Scrutiny Panel on the 29 August.

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

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

**Contact Officer: Steven Tickner Ext: 7280**

**Appendices Appendix 1 – Medium Term Financial Plan 2014/15 – 2018/19  
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 -**

**Community Engagement –**

**Economic Development –**

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

**Local Environment –**

**Resources** – Contained within the MTFP



# **CARLISLE CITY COUNCIL**

## **DRAFT MEDIUM TERM FINANCIAL PLAN 2014/15 to 2018/19**

**JULY 2013**

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### Appendices

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C – Subjective Analysis of Forecast Gross Budget

D – Corporate Charging Policy

E – Council Policy on the Level and Use of Reserves

F – City Council Reserves Projections

G – Risk Assessment



## POLICY AND CONTEXT

### 1.1 Purpose

The Medium Term Financial Plan (MTFP) provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities. The objectives of the MTFP are to:

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities,
- Guide and be informed by Directorate and other relevant strategies and plans of the authority, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan,
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary,
- Manage performance management and decision making procedures to help achieve the best use of available resources,
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges.
- Review the policy over the level of reserves held by the Council,
- Set out processes to monitor and evaluate proposed and actual spending to ensure that value for money is obtained.

The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -

- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
- Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government
- External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
- Partnership working and funding opportunities will be explored wherever feasible.
- The projected budget deficits in later years will be addressed by the approved Savings Strategy

### 1.2 Government Policies

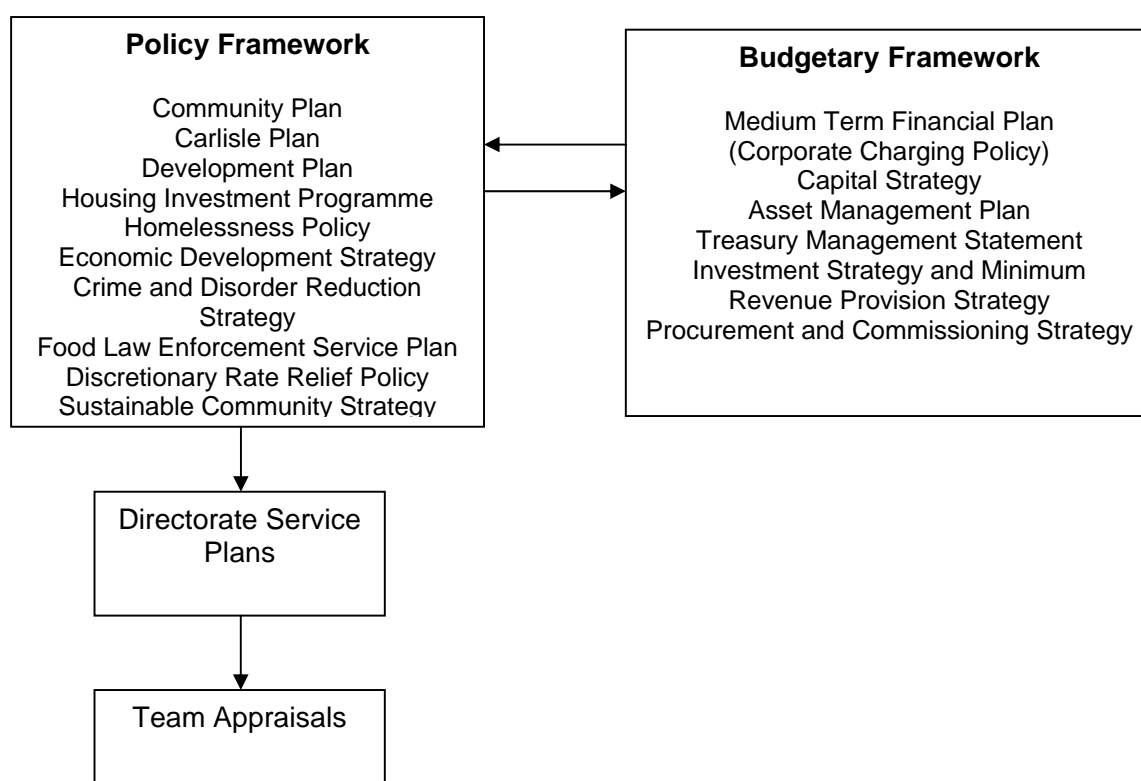
Nationally, the Government sets out policy which can result locally in the Council having to provide additional resources to meet nationally set targets, often without corresponding increases in grant assistance. Some initiatives do receive grant assistance, but for a limited period only, resulting in spending pressures for the Council when grant stops and the service needs to be maintained. This situation can only be resolved by the Council absorbing these new policy initiatives and meeting the cost from redirection of existing resources.

### 1.3 The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



#### Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

## **Directorate Service Plans**

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

## **Other Council Strategies, Plans and Policies**

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

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Investment Programme.

## **1.4 Budget Priorities and Budget Allocations**

Financial resources and performance are linked to the existing Council priorities; work has commenced on providing links to the revised priorities as set in paragraph 1.3 above, in terms of determining service objectives for each priority. The aim of this process is to see if the Council's budget is being used to best effect, and in accordance with priorities, and identify where additional resources may be required to improve performance and to achieve the Council's future aspirations in accordance with the transformation process. Conversely it may also be possible to reallocate resources from services which are not performing satisfactorily, and which may also be of a lower priority, to high priority areas which need greater support.

## **1.5 Performance Review**

This process allows outturn expenditure and outcomes to be measured against budgeted expenditure and targets.

Currently, out-turn expenditure is measured against budgeted expenditure as part of the final accounts process and outcomes are measured against targets via the performance management framework. Financial data continues to be recorded on the Council's performance monitoring system, Covalent. The quarterly budget and performance monitoring reports are considered by Officers and Members to monitor progress throughout the year.

The integration of performance and financial information has been vital to the development of Value for Money profiles. These profiles are being used to challenge the current service delivery models as we interrogate the costs and outcomes associated with our services.

## FORECASTING RESOURCES AND COMMITMENTS

***Forecasting is the mechanism by which the Council obtains a firm indication of the level of funding available in future years and matches this to known and anticipated commitments.***

### 2.1 Current Budget Forecast

The Council has well established mechanisms in place for forecasting resources and expenditure commitments over a five-year planning period. Projections will inevitably change over the period of the plan and will be kept under review. Factors affecting the assumptions made are set out in further detail in the MTFP.

The Council approved the current forecast for the period 2013/14 to 2017/18 on 5 February 2013 and this is shown in Appendices A to C as follows:

- Appendix A** – Summarises the net budget for the five years (£13.453million for 2013/14) approved for Council Tax Purposes by Council on 5 February and provides a forecast to financial year 2017/18. Indicative figures have also been included for 2018/19.
- Appendix B** – Provides an indicative forecast of how the projected gross budget (£59.949million in 2013/14) will be financed over the same period.
- Appendix C** – Analyses the Gross budget over main spending headings (only for 2013/14 as future years are not available).

### 2.2 Budget Surplus/Deficit Forecast

The current medium term financial projections indicate adequate Council reserves from 2013/14 due to the outcomes of the transformation process.

The amount approved by Council in February 2013 as part of the budget process, to be taken from/added to Council Reserves to support Council spending, updated by the outturn report approved in June and other adjustments approved to date, is set out in the Table below:

Year	Recurring Commitments  (Surplus) £000	Non-Recurring Commitments  £000	Carry Forwards  £000	Total (Contribution From / (to) Reserves)  £000
2013/14	(1,806)	1,560	677	431
2014/15	(602)	160	19	(423)
2015/16	(868)	0	0	(868)
2016/17	47	0	0	47
2017/18	840	0	0	840
2018/19	1,451	0	0	1,451

In order to address the forecast budget deficit position the Council has embarked upon a significant programme of service reviews, incorporated in the transformation agenda, to mitigate the impact on Council reserves.

There are remaining risks to the budget as set out in the budget resolution particularly in achieving the savings proposals approved. As in previous years, additional savings will need to be identified both to meet the projected shortfall and new budget pressures and also to continue support for initiatives and redirect resources to priority areas as well as increasing reserves to their minimum levels (£2.6million). The savings strategy is set out in more detail below and will ensure that in the medium term the Council complies with its policy of not meeting recurring expenditure from Council Reserves.

### 2.3 Efficiency and Savings Strategy

A strategy to identify recurring budget savings and service efficiencies was approved by Council on 5 February 2013 as part of the budget resolution. The strategy will deliver savings and efficiencies for the 2013/14 budget and will concentrate on the following areas:

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Additional Savings to be found</b>	<b>1,534</b>	<b>0</b>	<b>839</b>	<b>0</b>	<b>0</b>

The 2013/14 budget indicated that the additional savings to be found will concentrate on the following areas to deliver the savings required to produce a balanced longer term budget, however, the exact work programme will be dependent on progress with the Transformation Programme.

- Asset Review – this will focus on producing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.

- Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
- As part of the transformation programme a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services are properly aligned to what the Council wants to achieve.

## 2.4 Significant Budget Issues

A number of high impact pressures on the Council's budgets have been identified and these are shown below. The impact of these potential revisions (some positive) will be further analysed and reported throughout the budget process and revisions made to current budget deficit projections as required:

- Government Grant Reductions (Further 10% from 2015/16)
- Revised Transformation targets
- Capital Programme - longer term priorities and revenue implications especially Vehicle Replacements
- Shortfalls in income from Lanes and other Sources, e.g. Car Parking and Planning Fees
- New Homes Bonus grant
- Effect of Localisation of Council Tax Benefit Grant and Business Rates Retention
- Implementation of the Universal credit
- Public Sector Pay Freeze
- Council Tax Capping and Referendum
- Pension and National Insurance Changes

## 2.5 The Capital Strategy

At the same time as the revenue budget is approved in February each year, the Council also approves its capital programme. The proposals for capital investment, together with the level of resources available to support the programme, are contained within the **Capital Strategy**, which provides guidance on the Council's Capital Programme and use of capital resources.

There are links between the capital programme and the revenue budget, as capital projects very often result in revenue costs e.g. to provide running costs for new facilities. These costs are reflected in the existing budget of the Council.

## 2.6 Sensitivity Analysis

### 2.6.1 Financial Impact

The MTFP makes a series of forecasts about the future financial requirements of the Council. This is inherently a risky business and there will inevitably be some variations from these forecasts as time passes by. The following table assesses the potential cost or benefit of a variation of 1% in the major costs and income contained within the Plan.

Description	Base for Calculation £000	1% Variance £000
Pay Awards	18,145	181
Supplies & Services	4,576	46
Council Tax	(5,959)	(60)
General Inflation (currently 2.8%)	9,357	94
Income from Fees and Charges & Receipts	(11,948)	(119)
Investment Interest - Movement in Rates	(25,000)	(250)

### 2.6.2 Population Impact

The resources of the Council are also affected by the demands of its customers. Over the next few years the population of the Council area is expected to grow by 0.1% per annum. The Council will therefore be expected to provide additional services to meet the needs of its growing/ageing population.

In 2013/14 the cost of providing Council services equates to a cost per head of population of £124.39, based on a population forecast of 108,144. A 1% increase in the Council's population would broadly equate to a further £135,800 needed to be raised to provide Council services at existing levels, which would equate to an increase in Council Tax of £4.37.



## EXTERNAL FACTORS INFLUENCING THE MTFP

### 3.1 Economic Factors

#### 3.1.1 State of the Economy

The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will play a pivotal role in determining how much the economy grows over the coming years. Whilst economic growth remains flat, the Council may find it will be difficult to increase income levels e.g. Car Park income. Treasury Management income will also be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to reductions in banking credit ratings. The impact of increased costs is detailed in the sensitivity analysis section of the MTFP. The effects on the MTFP of any changes to the state of the Economy will need to be closely monitored in the short term in order to react effectively to changing situations. The MTFP currently assumes that the economy will show signs of recovery from 2014/15, with income projections increasing. However, if this does not occur as expected, further pressures may be placed on the revenue budget to meet any ongoing shortfalls.

#### 3.1.2 Inflation

Inflation levels as at May 2013 were 2.7% for CPI (Consumer Price Index) and 3.1% for RPI (Retail Price Index).

As far as the City Council is concerned, inflation adds to the pressure on its finances if pay settlements and other costs exceed the estimates incorporated in the Council's budget. The Government has announced in the Budget and Spending Review that there will be a Public Sector pay freeze for two further years. It is anticipated that local government pay will mirror national public sector positions. The current MTFP includes pay award increases of 1.5% in 2013/14 and 2.5% in 2014/15 onwards. If any pay award is lower than these forecasts then the amount can be factored into the MTFP as potential savings, offsetting any additional cost pressures.

In terms of treasury management, the Council's borrowing costs are fixed until 2020 due to the long term fixed rate nature of its current external loans. Investment income is more related to movements in the base rate and other short term interest rates. Raising such rates is seen as one of the primary means of controlling inflation and the Monetary Policy Committee's primary remit is to control inflation. The base rate is at 0.5% and investment rates are now not far above this level meaning that investment income is significantly below that of previous years and is likely to remain so for some time to come. The Councils record over the past couple of years whilst interest rates have been so low has been good with average yields being around 1.51%. It will be very unlikely that this average yield can be continued however, as banks access to cash though the Bank of England has reduced their desire to offer generous investment returns. The Council takes a managed view of the exposure to risk associated with obtaining this level of return and seeks to ensure that its investments are in line with the policies set out in the Treasury Management Strategy Statement.

## 3.2 Government Policies and Initiatives

### 3.2.1 Government Spending Review and Local Government Finance Settlement

#### Spending Review

The overall amount available for distribution to Local Government is determined by the Government's Spending Review, in which the Government decides how much it can afford to spend, reviews its expenditure priorities and sets targets for improvement.

For 2013/14 onwards reductions in Formula Grant have been included that see the grant received by the Council reduce. The Spending Review in June 2013 indicated that Local Government funding in 2015/16 would reduce by a further 10%. Any further reductions to the levels currently included in the MTFP will be additional pressures that will need to be funded by the Council. Further reductions in formula grant funding are anticipated in future years.

	RSG £000
2013/14	4,147
2014/15	3,120
2015/16	2,667
2016/17	2,539
2017/18	2,345

The current assumptions for population and Council Taxbase are set out below. (The Taxbase relates to the equivalent number of Band D properties in the area)

	2014/15	2015/16	2016/17	2017/18	2018/19
Taxbase - For Grant Settlement (From RSG Settlement)	34,957.00	34,957.00	34,957.00	34,957.00	34,957.00
Taxbase - Council Calculation for Tax Setting (0.279% growth)	30,894.00	30,980.20	31,066.63	31,153.31	31,240.23
Population - RSG Settlement*	108,144	108,144	108,144	108,144	108,144

\* Population figures are shown based on those used for the RSG settlement. Population growth figures highlighted at paragraph 2.6.2 may adjust these estimates once new RSG settlements are announced.

The Council taxbase (equivalent number of Band D properties) for tax setting purposes is different from the taxbase used in the Grant settlement as it takes into account growth in taxbase during the year, reduced second homes discount and losses on collection (1.5%). If the actual growth in the taxbase, or council tax collected during the year, is higher or lower than predicted, the resulting effect on the Council Tax income is adjusted as part of the Council Tax surplus/deficit calculation undertaken annually on January 15<sup>th</sup>, and adjusted in the following year's Council Tax.

### 3.2.2 Council Tax

Council Tax for 2013/14 continued to be maintained at 2010/11 levels through assistance received from Government and use of Council resources.

The Council's policy on taxation levels is that these should be set wherever possible at fair and reasonable levels and that the Council Taxpayer should not automatically bear the largest burden for any additional spending that may be required by the authority. This policy was set following the extensive budget consultation exercise undertaken as part of the 2004/05 budget process.

The City Council has been successful in avoiding a Council tax increase for 2013/14. For planning purposes the figures included in the Medium term Financial Plan assumes an annual increase in Council Tax of 2.6% (or £4.99) in 2014/15 then 1.99% thereafter. This will however be subject to review during the annual budget process, and will be particularly dependent on annual Government funding levels and future spending pressures. A 1% change in the level of council tax will impact on the budget by £67,000. (i.e. £133,000 per annum based on 1.99% MTFP profile).

### 3.2.3 Local Government Finance

There have been significant changes in the allocation of Local Government funding for 2013/14 that could have significant implications in future years.

#### Council Tax Benefits Localisation

The localisation of Council Tax Benefit has seen reductions in the amounts awarded to individual authorities for the provision of Council Tax benefit to residents. The Council chose to absorb the reduction in funding as part of its 2013/14 budget process, however, any significant deviation in Council Tax Benefit claims from those initially estimated could increase the impact of this funding reduction on the Council

#### Localisation of Business Rates

The Council is now operating under the Localisation of Business Rates scheme whereby it has the opportunity to keep a proportion of growth in the Business Rate income generated in the area. The Government set a baseline figure as part of the 2013/14 formula funding settlement, and any growth over this level is shared 50/50 between central government and local government (City Council share is 40% and County Council share is 10%).

Opportunities therefore exist to increase the amount of funding the Council receives, but similarly any falls in Business Rates Income could pose funding problems although the system has floors in it to prevent significant losses in funding.

### 3.2.4 Specific Grants

Income from Specific Grants meets just over 50% of the Council's spending. The bulk of this is in respect of grants to meet rent allowances, which meets nearly 100% of the total cost of providing these benefits by the Council.

Maximising income from grants and external funding sources continues to be a key priority for the Council. The difficulty with some specific grants however is that they can be time-limited with the amount granted often difficult to predict and plan for. Often when grants are reduced, this results in either a bid for additional funding through the budget process to preserve services or the need for further savings being identified to cover the loss of grant.

For the purposes of the MTFP, where changes to grant regimes and external funding are known, these have been incorporated into the financial projections. The potential for further changes is recognised in the risk assessment attached to the Plan. Details on some of the major grant streams is shown below:

#### Welfare Bill including Housing Benefits

The Government has announced that there will be significant changes to the Welfare State as part of the current Parliament and this will involve radical changes to the way benefits are managed and distributed.

There will be significant changes to the way Carlisle City Council manages these benefits, with Council Tax benefit likely to be set under local parameters (as highlighted above) and housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2013 and 2017).

Housing Benefit Admin Grant is likely to reduce over the life of the MTFP and reductions were built into the budget process for 2013/14 to try and mitigate the effect of this, however, further reductions will occur with the downsizing of housing benefit administration.

### 3.2.5 Other Government Initiatives

#### Housing

Grants for specific Housing related services have reduced significantly. Support for Disabled Facilities Grants is included at £663,000 from Central Government for 2013/14 onwards. However, the spend on Disabled Facilities Grants exceeds this, and the Council approved an additional £200,000 per annum included funded by Council resources to support DFG's.

#### New Homes Bonus

The Government announced as part of its Comprehensive Spending Review in 2010 that there would be additional funding provided based on the level of anticipated New Homes to be built or existing homes brought back into use within a Local Authority Area. The amount would be based on the amount of additional Council Tax that would be generated from the New Homes and would be available for a period of 6 years. The Council received £243,000 in 2011/12, £408,000 in 2012/13 and a further £388,000 for 2013/14. The 2014/15 allocations will not be known until December 2013. However the DCLG has advised that the overall pot will be reduced by £400million from 2015/16.

#### Pension and National Insurance Changes

As part of the Governments 2013 Budget, an announcement regarding the scrapping of the lower National Insurance rate for employees and employers who have opted out of the State Second Pension Scheme (SERPS). This will result in additional employee and employer National Insurance contributions being required and this could cost the Council approximately £250,000.

There is also potential additional pension costs arising out of the Auto-Enrolment initiative, where all employees are automatically enrolled in the pension scheme, and have the option to opt-out. At this stage it is unknown what the impact of this will be and how many employees, who are currently not enrolled, will choose to opt out once they have been automatically enrolled.

The actuarial revaluation of the pension fund will be effective from 1 April 2014 with potential revenue pressures on the Council's budget; however the cost could be mitigated by changes to the recovery period.

### **3.4 Minimum Revenue Provision (MRP)**

The MRP represents a provision that the Council must make to fund the repayment of external debt. As capital cash is utilised in providing the Council's capital programme the MRP is rising each year. This factor is also incorporated within the MTFP forecasts within overall Treasury Management costs. The Council will continually review its MRP Strategy and choose the option for charging MRP that is most beneficial at that particular time.

Any future capital projects will need to be evaluated for their effects on potential MRP charges either through the continued use of capital receipts or through prudential borrowing.

## **INTERNALLY DETERMINED FACTORS INFLUENCING THE MTFP (Subject to review July – Nov 2013)**

### **4.1 Inflation**

Taking into account current economic forecasts the Council has to make assumptions on the level of inflation to be included in the forward projections within the MTFP. The measure to be used for inflation in the MTFP is CPI (i.e. excluding housing costs) and this is currently running at 2.7%.

There is an inevitable degree of uncertainty surrounding inflation projections. However, for the five-year period under review, a CPI inflation rate of 2.8% has currently been assumed. It is anticipated that as part of the budget process that the level of inflation built into the Medium Term Financial Plan can be reviewed to see if inflation is required to be applied to all items of expenditure and whether different rates can be used for different items.

Individual spending heads have also had different inflation projections attached and these are detailed further below.

#### **4.1.1 Pay Costs**

In 2013/14, the Council is expecting to spend £18.1million on employee related costs and this represents approximately 60% of the cost of running the Council, excluding the cost of housing benefits.

Changes to pay costs will have the single biggest impact on the Council's budget. To offset the natural increases in pay costs, the Council has approved a policy to include a saving in its budget to reflect staff turnover.

The forecasts in the MTFP for pay costs have been calculated using the following assumptions: -

- A provision for basic pay increase of 1.5% p.a. (since reduced to 1%) for 2013/14 then 2.5% p.a. thereafter.
- The cost of increments is now considered to be minimal due to low staff turnover levels and the majority of staff having now progressed to the top of their grade.
- Staff turnover will remain at around 3% of gross salaries. The budget provision for 2013/14 has been set at £242,500.

#### **4.1.2 General Inflation**

The Council applies a policy of applying a general inflation increase to all running costs in its budget. The inflationary increase for the 5 years of the MTFP is based on the annual Consumer Price Index, which is currently running at 2.7% per annum (May 2013), although the current MTFP still assumes an inflation rate of 2.8%. An exercise is carried out as part of the budget cycle to examine the level of inflation that needs to be applied to different types of expenditure. Inflation forecasts are expected to be above 2% over the period of the MTFP. A 1% movement in the inflation rate would currently equate to £94,000 if applied to all general supplies and services expenditure

#### **4.1.4 Investment Income**

Treasury management is a field that has its own dynamics many of which, most obviously the level of short-term interest rates, are outside the control of local authorities. Projections of interest rates and investment income yields accruing to the City Council must always be viewed in this context.

When the budget for investment income in 2013/14 was set last autumn, it was based upon achieving an estimated average yield of 1.5% which reflected the benefit of investments placed in Government backed banks. Bank base rates continue to be held at 0.5% while actual money market yields from new investments are currently running at 0.8-1.1%. The latest forecasts of interest rate movements provided by our treasury management consultants, Sector, indicate base rates will remain at this level throughout most of 2013/14 and only starting to climb into 2015 although such a forecast must be viewed with caution. These movements will affect the interest returns earned by the Council quite significantly. As in previous years, these projections are subject to regular review and amendment in the light of money market conditions.

The achievement of levels of investment income is dependent not only on interest rates but also on the authority's anticipated pattern of cash flow. Taking account of both these factors, the estimated investment income built into the current MTFP, are as follows:

	Average Rate Expected	Current MTFP
2013/14	1.73%	473,091
2014/15	2.23%	823,021
2015/16	2.85%	1,085,870
2016/17	3.35%	971,118
2017/18	3.85%	1,103,607
2018/19	4.35%	1,259,975

The availability of investment interest rates over 1% for 12 month investments is now very much a rarity and this will have a significant impact upon the investment returns currently included in the MTFP and could lead to significant budgetary pressures. The interest assumed to be achieved above includes interest from the investment of £15million of capital receipts from the sale of assets not reinvested in new assets but invested in the money market instead.

These projections are reviewed on a quarterly basis in the context of both money market conditions and anticipated cash flow.

As well as interest rates, the biggest contributing factor to Treasury Management costs is MRP, and as capital balances are diminished, MRP will continue to rise, unless new capital receipts can be generated.

## 4.2 Spending Pressures and Savings

As part of its budget process, service departments are required to identify high priority spending pressures and identify savings to meet those pressures. These proposals are then subjected to a detailed appraisal process and those approved are included in the forthcoming year's budget.

Details of all spending pressures and savings affecting services in 2013/14 are shown in detail in the budget resolution and are summarised below:

	2013/14 Original £000	2013/14 Revised £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring Spending Pressures	589	589	545	923	1,015	1,123	1,123
Recurring Spending Reductions	(1,501)	(1,501)	(855)	(1,368)	(1,336)	(1,340)	(1,340)
<b>Non-Recurring Spending/(Saving)</b>	<b>(912)</b>	<b>(912)</b>	<b>(310)</b>	<b>(445)</b>	<b>(321)</b>	<b>(217)</b>	<b>(217)</b>
Non-Recurring Pressures							
- Existing	766	0	0	0	0	0	0
- New	1,091	293	0	0	0	0	0
Carry Forward Requests	0	677	19	0	0	0	0
Use of Reserves	0	0	0	0	0	0	0
Non Recurring Reductions	(297)	(297)	(133)	0	0	0	0
<b>Net Non-Recurring Spending/(Saving)</b>	<b>1,560</b>	<b>673</b>	<b>(114)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

These proposals form the basis of the 5-year projections contained within the MTFP. As can be seen from the table above, the Council has been successful in identifying recurring savings to redirect to priority spending areas.

### 4.3 Asset Management

The Council is required to draw up an Asset Management Plan (AMP) to ensure that the Council's property is maintained in a good condition, is suitable for purpose and that sufficient resources are available to meet maintenance costs. The AMP recognised a maintenance backlog of some £5.2 million. The level of repairs and maintenance in the Council's budget is subject to an annual repair and maintenance programme with bids for structural maintenance and disabled adaptations included within the capital programme.

### 4.4 Income

The City Council's revenue budget is heavily dependent on the income it generates, with 20% of the gross budget coming from this source. The main areas are:

#### 4.4.1 Fees and Charges for Services

Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix D** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general. In the past the income target has been set at 1% above the inflation rate, however the revised guidance strengthens the recognition that there will



be different priority objectives for each income area and that for some areas maximising income may not be the key priority. Each charges review undertaken as part of the budget process must clearly set out the overall policy objective. In the past two years, increases in charges have not always resulted in expected income yields and projections are monitored carefully. Nevertheless the current MTFP assumes an overall increase in income from fees and charges of 3.8% p.a.

- 4.4.2 Significant Income Streams – further actions will need to be taken to account for the areas where income continues to be generated at less than the budget. The 2013/14 Charges Review will further consider this issue.

	2010/11 Actual £	2011/12 Actual £	2012/13 Actual £	2013/14 Budget £
Cemeteries & Crematorium	1,043,516	1,067,541	1,145,021	1,125,100
Development Control	491,230	414,707	589,762	545,800
Building Control	369,631	259,469	278,615	331,800
Land Charges	159,531	153,730	156,025	165,700
Parking	1,265,708	1,236,682	1,107,563	1,299,200
<b>Total</b>	<b>3,329,616</b>	<b>3,132,129</b>	<b>3,462,100</b>	<b>3,467,600</b>

The income from **Parking** has been declining steadily over the past few years, and steps were taken to reduce the income targets.

#### 4.4.3 Property Rentals

Income received from property rentals is in the region of £5 million per annum. The Council has established an Asset Disposal Reserve for its property portfolio to ensure that the quality of its industrial estates and other commercial properties is maintained, thereby preserving the level of income generated by these assets.

The forecast yield from property rentals over the period 2013/14 to 2017/18 and included in the MTFP is shown in the following table: -

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
The Lanes (See Paragraph below)	1,383	1,522	1,660	1,660	1,660
The Market	132	132	132	132	132
Industrial Estates (+2% p.a)	2,723	2,778	2,833	2,890	2,948
Miscellaneous Properties (+2% p.a.)	368	376	383	391	399
<b>Total</b>	<b>4,607</b>	<b>4,807</b>	<b>5,009</b>	<b>5,073</b>	<b>5,139</b>

The Council has an agreement with the managing agents of the Lanes development whereby the Council receives a proportion of the total rental income. The budgeted income is included in the MTFP at £1.383m. Receiving Equity rental now means that the rental income received is subject to fluctuations in the performance of the Lanes and in periods where there are a lot of voids, income may be lower than that forecast. The situation is monitored via Management Reports received from the Managing Agent. The budget was reduced for 2012/13 as the income had fallen from previous levels due to discounts being granted to fill vacant units. The MTFP assumes that this will only be short term and that income will return to normal levels after 2014/15. If this is not the case then there will be additional pressures required on the MTFP.

The Asset Management Plan provides advice on how the Council can use its land and property portfolio to ensure that it achieves best value and delivers cost-effective services.

#### 4.4.4 Council Tax Income

Based on the Council Tax base projected for 2013/14 and an assumed annual growth of approximately 0.279% in the base over the next five years, a 0% increase in 2013/14 and 2.6% increase in 2014/15 and 1.99% thereafter in Council Tax per annum will provide additional resources over the period 2013/14 – 2018/19 as follows: -

Year	Council Tax Band D £	Tax Base Projections	Yield £	Annual Increase £
2013/14	193.43	30,808.05	5,959,201	
2014/15	198.42	30,894.00	6,129,987	170,786
2015/16	202.39	30,980.20	6,270,083	140,095
2016/17	206.44	31,066.63	6,413,395	143,312
2017/18	210.56	31,153.31	6,559,641	146,246
2018/19	217.93	31,240.23	6,808,183	248,542

## 4.5 The Capital Programme

The revenue implications of capital spending are identified in the project appraisal process to ensure that the full cost of any proposals for capital investment can be included in both the revenue and capital budgets of the Council. The budget projections therefore include an assessment of the revenue costs of existing capital projects.

The level of resources used to finance the capital programme, either from capital receipts, reserves or grants, has a direct bearing on the revenue budget as it reduces the amount of money the Council has to invest, thereby reducing its investment interest. The assumption made here is that the effect of the capital programme on investment levels will be broadly neutral, effectively meaning that the Council will only spend the capital resources it receives in any one year.

### 4.5.1 Prudential Borrowing

Nearly all formal controls on borrowing by local authorities have been relaxed since the introduction of the Prudential Code in April 2004. Furthermore, in 2013/14 the City Council received a capital grant of approximately £0.66m towards its capital programme. This system of providing support via a capital grant is expected to continue in the period covered by the MTFP.

Given the level of other resources available to the Council, particularly the balance of unapplied capital receipts, to fund the present programme, it has been assumed that there could be a potential shortfall in resources that would lead to a borrowing requirement in funding the Council's capital expenditure in the next five years. Any prudential (or unsupported) borrowing should be supported by a robust business case but for the time being other sources of capital finance are considered to be more economic and therefore more 'prudent'.

#### **4.6 Reserves**

It is the responsibility of the Director of Resources to advise the Council on policies and protocols in respect of the use and level of reserves that it should hold. This information is required to ensure that members are kept fully informed of the effects of their decisions on the reserves held by the Council. A revised set of policy guidelines and associated protocols is attached at **Appendix E**. One new reserve was approved to be established as at 31 March 2013 for Welfare Reform.

Minimum levels of reserves were reviewed as part of the 2013/14 budget process and the risk assessment identified that minimum levels could be maintained at £2.6million

The Council balances are set out in **Appendix F**. In order to maintain the financial stability of the Council, the fundamental principle on the use of Reserves and Balances is that they should not normally be used to fund recurring expenditure. Where they are, however, the usage should be explicitly stated, and steps taken to address the situation in following years.

## BUDGET PROCESS

### 5.1 Budget Process

The Revenue Budget Process is the main mechanism in place for forecasting spending requirements and resources over a 5-year planning period.

The budget is drawn together from:

- a base budget requirement, which determines the cost of providing existing services,
- bids for additional resources, which are required to meet identified spending pressures that meet Council priorities,
- forecasts of income from fees and charges, linked to the Corporate Charging Policy,
- forecasts of grant income,
- to arrive at a level of Council Tax to be charged to residents.

This well-established mechanism results in the approval of the annual budget in February.

Within the process, there are a series of key tasks that must be carried out, as follows: -

- (a) The base budget must be established, taking account of factors such as
  - inflationary increases in pay and operating costs,
  - shortfalls or reductions in budgeted income levels,
  - the level of external funding through grants or contributions from the government or other bodies.
- (b) Bids for additional resources must be submitted by November each year and be accompanied by a full financial appraisal setting out the business case for the additional resources requested. The financial appraisal is a key document as it will provide information on: -
  - the Council priorities requiring the resources,
  - the consequences of not providing the resources,
  - options considered to meet the pressure from within existing resources before arriving at the decision to bid for additional resources,
  - the full cost of the bid over at least a five-year period to reflect any potential growth or reduction in costs over the period,
  - any income that could be potentially generated to offset the cost of the bid,Members will decide which bids will be supported following the outcome of the financial appraisal.
- (c) The revenue effects of any capital investment proposals must be identified and incorporated into the revenue budget.
- (d) Savings and efficiency proposals, which again must be accompanied by a full financial appraisal, must be submitted by November each year. Members will decide on the proposals to be taken forward following the outcome of the financial appraisal.
- (e) Changes to Council priorities which require the redistribution of resources must be identified,

- (f) The level of support provided by the Government through the Revenue Support Grant needs to be incorporated into the MTFP.

The potential financial impact of the new budget discipline is not currently wholly reflected in the MTFP, as in some cases it represents the first stage in assessing the options available to the Council to bridge the likely budget deficit over the next five years.

## **5.2 Consultation**

The Executive approves its draft budget proposals in December each year. There then follows a formal consultation period (usually 4 weeks) when any interested person can submit their views on the proposals to the Council. This can be done by post, telephone or on-line through the Council's web-site.

In addition, formal consultation meetings are held with:

- The Large Employers Affinity Group (to include any Non Domestic Ratepayers)
- Trades Unions

The Council's Resources Overview and Scrutiny Panel also have a role in scrutinising the budget proposals.

The Executive considers feed back from the consultation process, before making its final recommendations to Council in February each year.

The Council has a Consultation Policy and is a member of Community Voice, a Cumbria wide collaboration of District Councils, Cumbria County Council, the police and PCT that consults local people regularly on their views with the intention of improving services. The results of the consultations inform policy development and feed into the Carlisle Plan, MTFP and other individual service plans.

## **5.3 Value for Money**

The Council is committed to a continuous programme of service improvement. The new budget discipline being developed will challenge how services are delivered across the Council to improve efficiency and deliver improved value for money. The Council has adopted a series of mechanisms to assess how it is performing in this area and these are being developed to include:

- Improved financial and service planning over both the short and long term,
- Involving and consulting customers about the way services are provided to see if they meet customer aspirations,
- Supply and demand analysis,
- Customer satisfaction surveys, focus groups and user groups,
- Performance management, benchmarking and the adoption of best practice in service delivery,
- Service reviews, including developing efficiency targets,
- Financial appraisal of projects taking account of quality, price and lifetime costs,
- Improved budgetary control mechanisms,
- Full risk assessments of proposals to change service provision,
- Attracting as much external investment as possible so the Council's resources go further,
- Member involvement through the Audit Committee and Overview and Scrutiny Panels,
- The adoption of shared services, where this is proven to benefit the Council both financially and in the quality of service delivery.

## RISK ASSESSMENT

There are a number of inherent risks in the strategy as proposed and these are identified in **Appendix G**. It is the responsibility of the Director of Resources in conjunction with other Directors to ensure that these risks are properly managed and risk mitigation measures taken where necessary.

Individual responsibilities are set out in the Financial Procedure Rules.

## SUMMARY

The purpose of the MTFP is to provide members with forecasts of the likely financial position of the Council over the next five years to enable informed decisions on actions needed to achieve financial stability within agreed Council policies.

The MTFP presents a snapshot of the current financial position and will inevitably change over time. This will be monitored and reported throughout the year. The ultimate aim of the MTFP is to help members to make more informed financial decisions and therefore contribute to an improvement in its use of resources.

## APPENDIX A

**Carlisle City Council – Current Financial Projections for the period to 2018/19**

2013/14 Budget £000	Summary Net Budget Requirement	2014/15 Proj'd £000	2015/16 Proj'd £000	2016/17 Proj'd £000	2017/18 Proj'd £000	2018/19 Proj'd £000
<b>Projected Resources</b>						
(5,959)	Council Tax Income	(6,130)	(6,270)	(6,413)	(6,560)	(6,808)
(4,147)	Revenue Support Grant	(3,120)	(2,667)	(2,539)	(2,444)	(2,345)
(2,913)	Redistributed NNDR	(3,003)	(3,093)	(3,186)	(3,281)	(3,380)
(35)	Estimated Council Tax Surplus	(35)	(35)	(35)	(35)	(35)
(399)	Parish precepts	(410)	(422)	(434)	(446)	(458)
<b>(13,453)</b>		<b>(12,698)</b>	<b>(12,487)</b>	<b>(12,607)</b>	<b>(12,766)</b>	<b>(13,026)</b>
<b>Recurring Revenue Expenditure</b>						
12,107	Existing Expenditure	11,942	11,588	12,487	13,323	14,182
589	New Spending Pressures	545	923	1,015	1,123	1,123
(1,501)	Budget Reductions	(855)	(1,368)	(1,336)	(1,340)	(1,340)
<b>11,195</b>	<b>Total Recurring Expenditure</b>	<b>11,632</b>	<b>11,143</b>	<b>12,166</b>	<b>13,106</b>	<b>13,965</b>
<b>Non Recurring Revenue Expenditure</b>						
766	Existing Commitments	0	0	0	0	0
1,091	Spending Pressures	293	0	0	0	0
(297)	Budget Reductions	(133)	0	0	0	0
0	Use of Earmarked Reserves	0	0	0	0	0
677	Carry Forward	19	0	0	0	0
<b>13,432</b>	<b>Current Revenue Expenditure</b>	<b>11,811</b>	<b>11,143</b>	<b>12,166</b>	<b>13,106</b>	<b>13,965</b>
452	Parish Precepts	464	476	488	500	511
<b>13,884</b>	<b>Total Revenue Expenditure</b>	<b>12,275</b>	<b>11,619</b>	<b>12,654</b>	<b>13,606</b>	<b>14,476</b>
(431)	Contribution to/(from) Reserves	423	868	(47)	(840)	(1,451)
<b>13,453</b>	<b>Net Budget for Council Tax Purposes</b>	<b>12,698</b>	<b>12,487</b>	<b>12,607</b>	<b>12,766</b>	<b>13,025</b>



## APPENDIX B

## Current Financing the Revenue Budget

Indicative forecasts of how the Council's projected gross budget will be financed for the period 2013/14 to 2018/19 are as follows: -

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Council Tax (incl. Parishes)	6,358	10.61	6,540	10.95	6,692	11.05	6,847	10.85	7,006	10.68	7,265	10.68
Formula Grant	7,060	11.78	6,123	10.25	5,760	9.51	5,725	9.08	5,725	8.73	5,725	8.41
Collection Fund Surplus	35	0.06	35	0.06	35	0.06	35	0.06	35	0.05	35	0.05
<b>Net Budget for Council Tax Purposes</b>	<b>13,453</b>	<b>22.44</b>	<b>12,698</b>	<b>21.25</b>	<b>12,487</b>	<b>20.62</b>	<b>12,607</b>	<b>19.99</b>	<b>12,766</b>	<b>19.47</b>	<b>13,025</b>	<b>19.14</b>
Grants and Contributions (assumed a 2.8% increase per annum)	34,117	56.91	35,072	58.70	36,054	59.55	37,064	58.76	38,102	58.10	39,168	57.57
Other Income (assumed a 3.8% increase per annum)	11,948	19.93	12,402	20.76	12,873	21.26	13,362	21.18	13,870	21.15	14,397	21.16
Reserves and Balances	431	0.72	(423)	(0.71)	(868)	(1.43)	47	0.07	840	1.28	1,451	2.13
<b>Total Gross Budget</b>	<b>59,949</b>	<b>100.00</b>	<b>59,749</b>	<b>100.00</b>	<b>60,547</b>	<b>100.00</b>	<b>63,080</b>	<b>100.00</b>	<b>65,578</b>	<b>100.00</b>	<b>68,042</b>	<b>100.00</b>

The use of Reserves and Balances varies from the Budget Resolution approved by Council in February 2013 as a result of the 2012/13 outturn position and the carry forward of £677,000 into 2013/14, and £19,000 to 2014/15

## APPENDIX C

## Subjective Analysis of the Forecast Gross Budget

The detailed subjective figures from 2013/14 will become available as part of the budget process.

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Employees	18,145	30.27										
Premises	3,414	5.69										
Transport	1,367	2.28										
Supplies & Services	4,576	7.63										
Third Party Payments	3,924	6.55										
Transfer Payments	27,807	46.38										
Support Services (Net)	(2,772)	(4.62)										
Capital Financing	2,359	3.94										
Precepts	452	0.75										
Supplementary Estimates	0	0.00										
Carry Forward Requests	677	1.13										
<b>Total Gross Budget</b>	<b>59,949</b>	<b>100</b>	<b>68,561</b>	<b>0</b>	<b>69,294</b>	<b>0</b>	<b>70,675</b>	<b>0</b>	<b>73,362</b>	<b>0</b>	<b>76,042</b>	<b>0</b>

## **CORPORATE CHARGING POLICY 2013**

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

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

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

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

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

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

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

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

**4. Trading**

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

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

**5 Value For Money**

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

## Council Policy on the Level and Use of Reserves

### 1. General

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

### 2. The General Fund Reserve

- 2.1. The balance on the General Fund shall broadly equal £2.6m. This figure is assessed taking into account the risks and working balances required, including investment income generated, it is considered prudent to leave the reserve at this level. A risk based assessment of the appropriate level of this reserve was carried out for the 2013/14 budget process and this is attached overleaf.
- 2.2. If the balance in the short-term falls below £2.6million, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.
- 2.3. If the balance in the short-term exceeds £2.6million then the surplus will be transferred to the Council's Project Reserve.

### 3. Earmarked Reserves

- 3.1. Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.
- 3.2. For each earmarked reserve there will be a clear protocol in place setting out: -
  - The purpose of the reserve.
  - How and when the reserve can be used.
  - Procedures for the management and control of the reserve.
  - Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Council.

## **4 Provisions**

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

## **5 Charitable and Other Bequests**

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

## **6 The Responsibilities of the Director of Resources**

- 5.1 The Director of Resources will review each reserve and its protocol annually and produce a report for the Executive as part of the annual accounts process detailing: -
- Compliance with the use of reserves and associated protocols,
  - Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
  - The adequacy of the level of reserves and the effects on the Council's budget requirement,
  - Any reserves which are no longer required,
  - Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Council's Medium-Term Financial Plan.
- 5.2 The Director of Resources will review this policy at least annually and will obtain the approval of the Council for any change required to either the policy or protocols associated with specific reserves.

**RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15**

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	118	59	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	214	107	Estimate of 5% Charges Income forecasts for 2013/14
Underachievement of Investment Income	4	50%	250	125	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	170	128	Bellwin scheme cuts in at 0.2% of Net Budget (£28,800) and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	25%	25	6	Based on 5% of insurance premia payments
Fall in Rental Income from Property	6	75%	225	169	5% of Rental Income (assumed at £4.5m for 2013/14)
Transformation not met	1	25%	1,354	339	
Changes to existing government funding regimes	6	75%	218	164	Safety Net Threshold for Business Rates Retention Scheme
Additional Redundancy Costs	4	50%	200	100	Not met from Transformation Reserve
Dependence on reserves and general balances	3	50%	718	359	General Fund Reserve Balance - Audit Commission Guidance states prudent level is 5% of Net Revenue Expenditure
Emergency Contingency		100%	1,000	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
<b>TOTALS</b>			<b>4,492</b>	<b>2,555</b>	
Maximum Risk Based Reserve Balances					<b>4,492</b>
Minimum Risk Based Reserve Balances					<b>1,123</b>
<b>Current Level of Reserves (Projected as at 31/03/13) (General Fund )</b>					<b>2,542</b>
<b>Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based</b>					<b>-13</b>

## PROTOCOLS FOR THE USE OF COUNCIL RESERVES

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
<b>Capital Reserves</b>	£000		
Usable Capital Receipts	6,679	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Director of Resources but approval of their use must be given by Council.
Asset Disposal Reserve	785	To provide resources to purchase properties and fund associated revenue costs (e.g. marketing) required as part of the Carlisle Renaissance project. To provide resources for investment in the Council's industrial estates to ensure rent yields are maintained / increased	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
CLL Reserve	522	To provide funds to purchase equipment from CLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL Ltd.	Management of the reserve rests with the Director of Community Engagement but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.
Lanes Capital Reserve	354	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.



Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
<b>Revenue Reserves</b>	£000		
General Fund Reserve	2,542	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Director of Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>– Cash flow requirements,</li> <li>– Inflation and interest rates,</li> <li>– Demand led budget pressures,</li> <li>– Efficiency and productivity savings,</li> <li>– The availability of funds to deal with major unexpected events or emergencies,</li> <li>– Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments.</li> </ul> <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>
Projects Reserve	0	The balance at 31 <sup>st</sup> March 2012 shall be earmarked to support potential revenue budget shortfalls identified by the 2012/13 Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	<p>Management of the reserve rests with the Director of Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level, balances on reserves that are no longer needed and proceeds from the Local Authority Business Growth Incentive Scheme. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>
Collection Fund (Carlisle Share)	65	To be the collection account for sums due from local taxpayers.	<p>Management of the fund rests with the Director of Resources. The use of the Fund is determined by statute. The main use is to adjust the level of Council Tax required in any one year to reflect surpluses or deficits on collection targets in prior periods.</p>

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
<b>Revenue Reserves (contd.)</b>	£'000		
Residents Parking Reserve	0	To provide funds for small projects consistent with the Local Transport Plan.	Management of the reserve rests with the Director of Local Environment but can only be used with the agreement of Cumbria County Council. Use of the reserve should be accompanied by a report to Council providing details of the projects supported by the Reserve. Funding is provided from the balance generated by the Residents Parking Initiative and must be reported to Cumbria County Council annually.
Building Control Reserve	(17)	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Director of Economic Development The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	116	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.
LSVT Warranties	488	To provide funds to meet claims arising in years 13 –25 following transfer of the housing stock in 2002 under environmental warranties given at the time of the transfer, when insurance has expired	Management of the reserve rests with the Director of Resources. The reserve is only able to be used to meet defined costs and is not available for general use by the Council. Approval to release funds from the reserve can only be given by the Council.
Licensing Reserve	14	This is a ringfenced surplus carried forward to fund future year's expenditure.	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.
Transformation Reserve	495	To fund any one off costs associated with transformation project	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.
EEAC Reserve	56	To hold the residual funds of the service	Management of the reserve rests with the Director of

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
		pending future decisions with regard to the service	Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	143	To build up resources to replace cremators when required	Management of the reserve rests with the Director of Local Environment. Approval to release funds from the reserve can only be given by the Executive of the Council.
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Director of Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.

**APPENDIX F**
**City Council Reserves Projections**

Members should note that these financial projections now reflect the 2012/13 outturn position.

<b>Analysis of Council Reserves</b>	<b>Outturn 31 March 2013 £000</b>	<b>Projected 31 March 2014 £000</b>	<b>Projected 31 March 2015 £000</b>	<b>Projected 31 March 2016 £000</b>	<b>Projected 31 March 2017 £000</b>	<b>Projected 31 March 2018 £000</b>	<b>Projected 31 March 2019 £000</b>
<b>Revenue Reserves</b>							
General Fund Reserve	(2,542)	(2,111)	(2,534)	(2,600)	(2,600)	(2,515)	(1,064)
Projects Reserve	0	0	0	(802)	(755)	0	0
LSVT Warranties Reserve	(488)	(488)	(488)	(488)	(488)	(488)	(488)
Conservation Reserve	(116)	(116)	(116)	(116)	(116)	(116)	(116)
Sheepmount Reserve	0						
Collection Fund (Carlisle Share c	(65)						
Residents Parking Reserve	0						
Transformation Reserve	(495)						
EEAC Reserve	(56)	(16)					
Building Control Reserve	17						
JE Reserve	0						
Cremator Reserve	(143)						
Welfare Reform Reserve	(200)						
Licensing Reserve	(14)						
<b>Total Revenue Reserves</b>	<b>(4,102)</b>	<b>(2,731)</b>	<b>(3,138)</b>	<b>(4,006)</b>	<b>(3,959)</b>	<b>(3,119)</b>	<b>(1,668)</b>
<b>Capital Reserves</b>							
Usable Capital Receipts	(6,679)	(3,339)	(2,541)	(162)	(162)	(162)	(162)
Set Aside Capital receipts	0	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Unapplied capital grant	0	0	0	0	0	0	0
Asset Disposal Reserve	(785)	(360)	(360)	(360)	(360)	(360)	(360)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(354)	(369)	(384)	(399)	(414)	(429)	(444)
<b>Total Capital Reserves</b>	<b>(8,340)</b>	<b>(19,590)</b>	<b>(18,807)</b>	<b>(16,443)</b>	<b>(16,458)</b>	<b>(16,473)</b>	<b>(16,488)</b>
<b>Total Usable Reserves</b>	<b>(12,442)</b>	<b>(22,321)</b>	<b>(21,945)</b>	<b>(20,449)</b>	<b>(20,417)</b>	<b>(19,592)</b>	<b>(18,156)</b>
<b>Other Technical Reserves*</b>	<b>(103,381)</b>						
<b>Total All Reserves</b>	<b>(115,823)</b>						

\* Other Reserves are of a technical nature and are not cash backed. They are not therefore available either to fund expenditure or to meet future commitments.

**RISK ASSESSMENT**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
The assumptions contributing to the Financial Plan prove to be incorrect.	Remote	Marginal	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Spending exceeds budget or assumed income levels not achieved	Reasonably probable	High	Regular budgetary monitoring reports. Updates to medium term financial strategy.
Unforeseen spending	Remote	Marginal	Budget Monitoring. Adequate contingency reserve. Updates to medium term financial strategy.
New Schemes / Initiatives (including VAT)	Reasonably Probable	Marginal	Review priorities. Assess effects on budget. Updates to medium term financial strategy.
Dependence on reserves and general balances	Reasonably Probable	High	Compliance with CIPFA / Audit Commission recommendations on level of balances and reserves.
Transformation Savings not achieved	Remote	High	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Changes to existing Government funding regimes e.g. RSG, Housing Benefits	Probable	High	Review service priorities, assess other funding opportunities, update medium term financial strategy.

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 5 AUGUST 2013**

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**EX.81/13     DRAFT MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2018/19**  
(Key Decision – KD.010/13)

**Portfolio**     Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**     Resources

### **Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.32/13 concerning the draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2014/15 to 2018/19. He advised Members that the Medium Term Financial Plan set out the current framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan further sought to link the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources thereby enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

The Medium Term Financial Plan was reviewed annually commencing with the assumptions made in the Budget resolution approved by Council on 5 February 2013. In addition, the Corporate Charging Policy had been reviewed and included within the Medium Term Financial Plan. The Charging Policy provided a framework for potential policy options for each charging area, but recognised the different approaches that might be required for different services and the various influences which needed to be acknowledged in setting individual charges.

The Finance, Governance and Resources Portfolio Holder then explained that the draft Medium Term Financial Plan would be available for consultation with the Resources Overview and Scrutiny Panel. It would then come back to the Executive on 2 September, prior to transmission to Council for approval on 10 September 2013.

In conclusion, the Finance Governance and Resources Portfolio Holder moved the recommendation as set out in the report.

**Summary of options rejected**     None

### **DECISION**

1. That the Report of the Director of Resources (RD.32/13) on the draft Medium Term Financial Plan 2014/15 to 2018/19 be received.

2. That the report be made available for consideration by the Resources Overview and Scrutiny Panel on 29 August 2013.

**Reasons for Decision**

To consult with the Resources Overview and Scrutiny Panel on the Draft Medium Term Financial Plan 2014/15 to 2018/19





## Resources Overview & Scrutiny Panel

Agenda  
Item:

**A.5**

Meeting Date: 5 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref:KD10/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD33/13

### Summary:

The Council's draft Capital Strategy for the period 2014/15 to 2018/19 was considered by the Executive on 5 August 2013.

### Questions for / input required from Scrutiny:

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

### Recommendations:

Members are asked to consider the report and make any recommendations back to the Executive for consideration at their meeting on 2 September 2013.

### Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Executive	<b>2 September 2013</b>
Council:	<b>10 September 2013</b>

## Report to Executive

Agenda  
Item:

Meeting Date: 5 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref:KD10/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD33/13

### Purpose / Summary:

The Council's draft Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2014/15 to 2018/19. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, the Resources Overview and Scrutiny Panel will consider the draft on 29 August, with final recommendations to Council on 10 September 2013.

### Recommendations:

The Executive is asked to:

- (i) Comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 29 August 2013.

### Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Executive	<b>2 September 2013</b>
Council:	<b>10 September 2013</b>



## **1. BACKGROUND**

- 1.1 The Capital Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).
- 1.2 The Capital Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 5 February 2013. This position has been updated to reflect any known changes since that date.

## **2. CONSULTATION**

- 2.1 The draft Capital Strategy has been considered by the Senior Management Team and the Joint Management Team.
- 2.2 The Resources Overview and Scrutiny Panel will consider the report on 29 August and recommendations made to full Council on 10 September.

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

- 3.1 The Executive is asked to:  
Comment on the draft Capital Strategy for consideration by the Resources Overview and Scrutiny Panel on the 29 August 2013.

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

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

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**Appendices**  
**attached to report: Appendix 1 – Capital Strategy 2013/14 to 2018/19**

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

- **None**

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

**Chief Executive's -**

**Community Engagement –**

**Economic Development –**

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

**Local Environment –**

**Resources** – Contained within the Capital Strategy



# **CARLISLE CITY COUNCIL**

## **DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19**

**July 2013**

# **CARLISLE CITY COUNCIL**

## **CAPITAL STRATEGY 2014/15 to 2018/19**

### **1. Policy and Context**

The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP).

The objectives of the Capital Strategy are to: -

- Ensure that capital investment decisions and capital resources contribute to the achievement of the Council's corporate priorities.
- Co-ordinate the strategic priorities emerging from service planning and ensure that investment opportunities are maximised.
- Manage performance and decision-making processes to help achieve the best use of available capital resources.
- Set out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money is obtained.

Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes.

### **2. Overall Strategy Guidelines**

The strategy has been developed using the following overarching guidelines: -

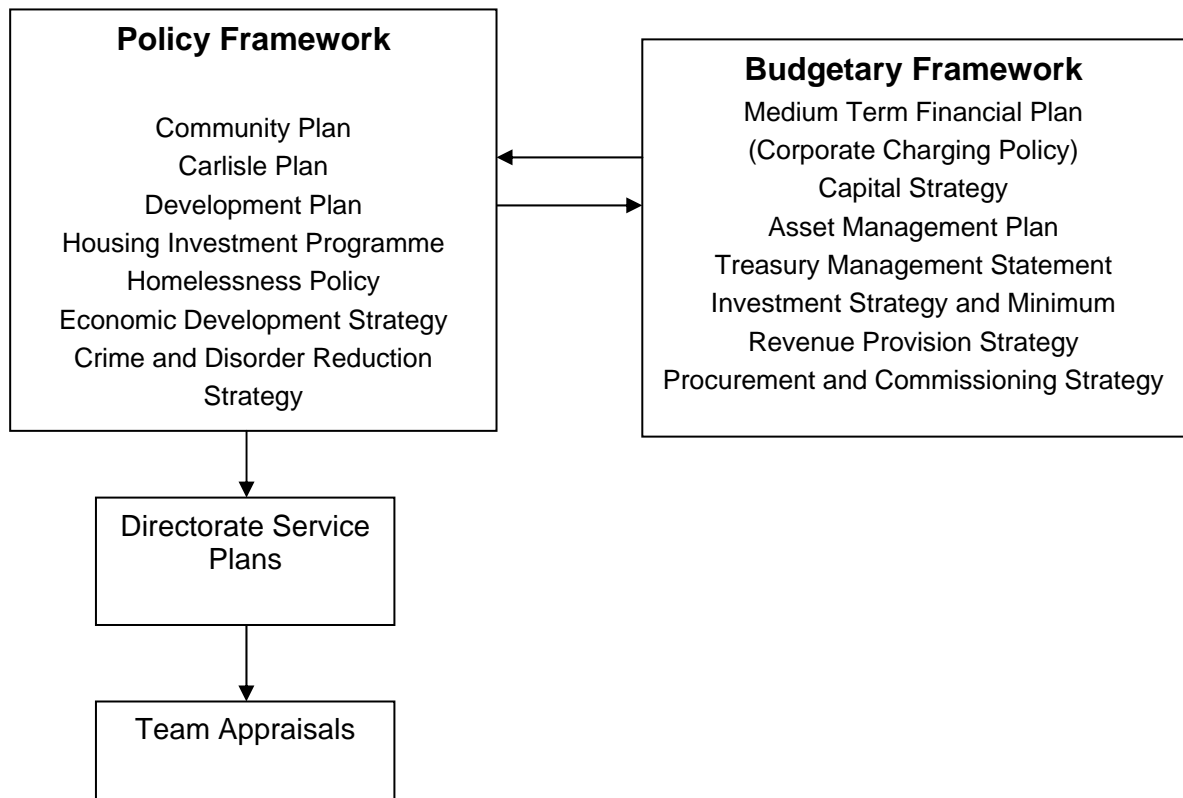
- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including Preserved Right to Buy (PRTB) receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants.
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements.
- The Council will seek to maximise the use of grants and external funding.
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities.
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process.
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects.
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance.

### 3. The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



#### Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.



## Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

## Other Council Strategies, Plans and Policies

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

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

## 4. Capital Programme Forecasts

### 4.1 Current Forecasts

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2013/14 to 2017/18. These are summarised in the Council Budget Resolution approved on 5 February 2013.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £9.280m for 2013/14 and £4.641m for 2014/15. The impact of the 2012/13 outturn and the carrying forward of budgets into 2013/14 and other adjustments has reduced the programme to £4.655m in 2013/14.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

**Table 1 – Current Proposed Programme**

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Current Proposed Programme	4,655	4,457	8,564	1,363	1,163	1,163

The proposed capital programme includes the revised scheme which is being developed for the Arts Centre which requires approval by Council to increase the capital programme by £478,500 and reprofile the expenditure to £50,000 in 2013/14 and £1,014,500 in 2014/15.

#### 4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£2m p.a. for years 2016/17 to 2018/19. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections.

- (i) Asset Review Programme – The capital programme currently does not include any capital purchases from the receipts generated by asset sales as it is difficult to predict when asset purchases will be made and are dependent upon market conditions. It is planned that £12.076million is available for reinvestment in asset purchases over the next 3 years that will generate a revenue return for the Council.
- (ii) Vehicle Replacement Programme - The current capital programme includes a minimal budget for vehicle replacements (recurring £200,000 per annum). The refuse fleet and other street cleansing vehicles are due for replacement from 2015 and options need to be considered as to how these will be funded and whether existing vehicles can be replaced later. Given current capital resources it will be unlikely they will be able to be bought from existing capital receipts, so other options such as borrowing and leasing will have to be considered should the vehicles still need replacing.
- (iii) Disabled Facilities Grants – There is a significant pressure on the capital programme from the demand for Disabled Facilities Grants into the future. Government support allocates the Council £663,000 in 2013/14 and an additional contribution from the Council of £200,000 was agreed as part of the 2013/14 budget process.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

## 5. **Capital Resource Forecasts**

The Council's capital programme can be financed, (or paid for), through a number of sources and the Director of Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. **Table 2** shows the estimated level of capital resources, which will be generated over the next five years.

**Table 2 – Estimated Capital Resources (Based on current programme)**

<b>Resources Available</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>
Capital Grants	(1,414)	(663)	(663)	(663)	(663)	(663)
Capital Receipts (General & Preserved Right to Buy)	(810)	(410)	(410)	(410)	(410)	(260)
Capital Receipts (Asset Business Plan)	(21,218)	(3,255)	(1,340)	0	0	0
<b>Total Capital Resources</b>	<b>(23,442)</b>	<b>(4,328)</b>	<b>(2,413)</b>	<b>(1,073)</b>	<b>(1,073)</b>	<b>(923)</b>
Borrowing Requirement (Revised)	(98)	(317)	(6,939)	(273)	(73)	(237)
Direct Revenue Financing	(165)	(52)	(52)	(17)	(17)	(3)
<b>Total</b>	<b>(23,705)</b>	<b>(4,697)</b>	<b>(9,404)</b>	<b>(1,363)</b>	<b>(1,163)</b>	<b>(1,163)</b>

\* see note at paragraph (ii)

The current assumptions included in this strategy for each of the available financing sources are as follows:

#### **(i) Borrowing**

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget.

#### **(ii) Capital Receipts**

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £0.40million p.a. for the period under review. However, for 2013/14 there are specific additional items that increase this figure to £0.81million. These figures comprise: -

- £150,000 to be received from PRTB sales under the sharing agreement with Riverside in 2013/14. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account. For information £266,000 was received in 2012/13).
- £10,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years.
- An assumption that the Council will generate £250,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process).
- £400,000 from the sale of London Road Hostel once the new Womens and Families Hostel is completed (although this is likely to now be around £250,000)

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy. 'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Asset Business Plan assumes that a further £26.8million of capital receipts will be generated from 2013/14. This has now been reduced down to £25.8million on the expectation of lower values being received for some assets. The £1million reduction will require the capital programme/asset management business case purchases to be reviewed from 1 April 2014. The expectation is that £15million will be set aside to enable the future repayment of debt and the balance being available for reinvestment into new assets that will generate a revenue return.

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts. As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2013. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year. The Council continues to use this strategy of setting aside any surplus receipts each year in order to minimise its MRP requirement. The cash from these receipts is still available to support capital expenditure.

### **(iii) Reserves and Balances**

The Council currently maintains a reserve to support capital spending - the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- **Asset Investment Reserve**

The Asset Investment Reserve currently stands at £0.4m, the use of which is subject to Council approval. Part of the Reserve has been set aside to purchase strategic properties and is included in the Asset Review Business Plan. The reserve also includes £1m built up from contributions from the Industrial Estates capital programme. The capital programme agreed by Council in February 2013 agreed the use of part of this £1m to fund improvements to Industrial Estates.

### **(iv) Government and Other Capital Grants and External Funding**

The Government announced changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Although these announcements have yet to impact on the Council's funding (?), further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme. From 2013/14, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

## (v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2013/14 – 2018/19 to provide resources for capital spending. Where there have been specific 'invest-to-save' projects that have utilised capital resources, these are being 'repaid' to capital through the revenue savings that have been generated. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

## 6. Summary Capital Spending and Financing

As set out in the Table below, there is currently approximately £7.4m uncommitted estimated capital resources available to support any future capital programme as at the end of 2018/19.

**Table 3 – Summary Programme**

Summary Programme	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Estimates Resources 31 March 2013	(7,468)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(23,705)	(4,697)	(9,404)	(1,363)	(1,163)	(1,163)
Current Proposed Programme (Table 1)	4,655	4,457	8,564	1,363	1,163	1,163
<b>In year projected (surplus)/Deficit in Resources</b>	<b>(19,050)</b>	<b>(240)</b>	<b>(840)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>(26,518)</b>	<b>(26,758)</b>	<b>(27,598)</b>	<b>(27,598)</b>	<b>(27,598)</b>	<b>(27,598)</b>
<b>Proposed Asset Review Purchases</b>	<b>7,819</b>	<b>1,038</b>	<b>3,219</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Receipts Set aside</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Net Year end position</b>	<b>(3,699)</b>	<b>(2,901)</b>	<b>(522)</b>	<b>(522)</b>	<b>(522)</b>	<b>(522)</b>

## 7. Council Budget Process

- 7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.
- 7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Corporate Programme Board (CPB) undertakes this to determine: -

- Whether the project meets corporate and service priorities,

- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

## **8. Evaluation and Monitoring of Capital Projects**

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

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

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

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

## **9. Risk Assessment**

Although the Council has adequate resources to pay for its existing capital programme in the foreseeable future, the past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council's capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

## **10. Summary**

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

**Current Capital Programme**

<b>Capital Schemes</b>	<b>2013/14 £000</b>	<b>Projected 2014/15 £000</b>	<b>Projected 2015/16 £000</b>	<b>Projected 2016/17 £000</b>	<b>Projected 2017/18 £000</b>	<b>Projected 2018/19 £000</b>
Disabled Facilities Grants	863	863	863	863	663	663
Planned Enhancements to Council Property	300	300	300	300	300	300
Vehicles & Plant	570	279	1,901	200	200	200
ICT Shared Service	225	0	0	0	0	0
Asset Business Plan	0	0	0	0	0	0
Public Realm S. 106 works	370	0	0	0	0	0
Clean Up Carlisle	20	0	0	0	0	0
Arts Centre	50	1,015	0	0	0	0
Public Realm Work	100	0	0	0	0	0
Harraby School Community Campus Contr	600	500	500	0	0	0
Old Town Hall / Greenmarket	0	1,500	0	0	0	0
Leisure Facilities	0	0	5,000	0	0	0
Paternoster Row	100	0	0	0	0	0
Customer Contact Centre	25	0	0	0	0	0
Employee Payment System	70	0	0	0	0	0
Castle Way Cycle Ramp	347	0	0	0	0	0
Document Image Processing	14	0	0	0	0	0
PCIDSS	31	0	0	0	0	0
Families Accommodation	609	0	0	0	0	0
Old Town Hall	298	0	0	0	0	0
Kingstown Industrial Estate	33	0	0	0	0	0
Connect 2 Cycleway	12	0	0	0	0	0
Trinity MUGA	2	0	0	0	0	0
Play Area Improvements	6	0	0	0	0	0
Castle Street Public Realm	10	0	0	0	0	0
<b>Total Capital Programme</b>	<b>4,655</b>	<b>4,457</b>	<b>8,564</b>	<b>1,363</b>	<b>1,163</b>	<b>1,163</b>
<b>Proposed Asset Review Purchases</b>	<b>7,819</b>	<b>1,038</b>	<b>3,219</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Potential Capital Programme</b>	<b>12,474</b>	<b>5,495</b>	<b>11,783</b>	<b>1,363</b>	<b>1,163</b>	<b>1,163</b>

### Sustainable Communities

In February 2003 the ODPM produced a document called 'Sustainable Communities: building for the future' which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A 'sense of place';
12. The right links with the wider regional, national and international community.



Capital Programme – Risk Assessment

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

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 5 AUGUST 2013**

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**EX.82/13     DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19**  
(Key Decision – KD.010/13)

**Portfolio**     Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**     Resources

### **Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.33/13 on the Draft Capital Strategy 2014/15 to 2018/19. He informed Members that the Draft Capital Strategy was a key policy document, intended to direct the Council's Capital Programme and the allocation of resources for the five year period 2014/15 to 2018/19 and would complement and supplement guidance contained in the Medium Term Financial Plan. The Capital Strategy was reviewed annually alongside the Medium Term Financial Plan, commencing with the assumptions made in the Budget Resolution approved by Council on 5 February 2013. The position had been updated to reflect any known changes since that date.

He reminded Members of the objectives of the Capital Strategy in ensuring that capital investment decisions and capital resources contributed to the achievement of the Council's corporate priorities; co-ordinated strategic priorities emerging from service planning and ensuring that investment opportunities were maximised; managed performance and decision making processes to help achieve the best use of available capital resources and setting out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money was obtained. The Strategy had been developed using a number of overarching guidelines.

The Finance, Governance and Resources Portfolio Holder outlined the current capital programme forecasts, reminding Members of the key assumptions which had been considered in making the projections including the Capital Programme of £9.280m for 2013/14 and £4.641m for 2014/15. The impact of the 2012/13 outturn and the carrying forward of budgets into 2013/14 and other adjustments had reduced the programme to £4.655m in 2013/14.

The Finance, Governance and Resources Portfolio Holder indicated that the current capital programme forecast spending on capital projects of around £1m - £2m per annum for years 2016/17 to 2018/19, although past experience had indicated that actual spending would be much higher due, in the main, to the fact that a number of initiatives were still at an early stage of development and had not yet been included in the projections. He identified a number of schemes currently the subject of feasibility

studies, including the Asset Review Programme; Vehicle Replacement Programme; and Disabled Facilities Grants, commenting that the position on those schemes would need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing could be made more accurately.

The report further set out an estimated level of capital finance resources which would be generated over the next five years and highlighted the current position regarding borrowing; capital receipts; reserves and balances; Government and other capital grants and external funding; and revenue contributions. Also summarised was the level of capital spending and available financing for the period 2013/14 to 2018/19 which indicated that currently there was approximately £7.4m uncommitted estimated capital resources available to support any future capital programme as at the end of 2018/19.

The Finance, Governance and Resources Portfolio Holder then moved the recommendation set out in the report.

**Summary of options rejected**    None

## **DECISION**

1. That the Report of the Director of Resources (RD.33/13) regarding the draft Capital Strategy 2014/15 to 2018/19 be received.
2. That the draft Capital Strategy be made available for consideration by the Resources Overview and Scrutiny Panel on 29 August 2013.

## **Reasons for Decision**

To consult with the Resources Overview and Scrutiny Panel on the draft Capital Strategy for 2014/15 to 2018/19



# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.6**

Meeting Date: 29 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.012/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2013 to 2018**  
Report of: **DIRECTOR OF RESOURCES**  
Report Number: **RD 39/13**

## Purpose / Summary:

The attached Executive Report (RD 31/13) sets out this year's revisions to the Asset Management Plan which has been updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan, approved by Council in January 2011. The Plan also reports on the current position and performance of the portfolio, and the Asset Disposal Programme.

## Recommendations:

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

## Tracking

Executive:	<b>2 September 2013</b>
Overview and Scrutiny:	<b>N/A</b>
Council:	<b>10 September 2013</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 5th August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: YES: Recorded in the Notice Ref: KD. 012/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2013 TO 2018**  
Report of: **Director of Resources**  
Report Number: **RD 31/13**

## Purpose / Summary:

The Asset Management Plan is being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011. The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

## Recommendations:

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

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Executive:	<b>2 September 2013</b>
Council:	<b>10 September 2013</b>

## **1. BACKGROUND**

- 1.1. The Council's land holdings are one of the essential resources used to carry out our day to day business, generate income to support services, and deliver economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP also gives guidance on the overall performance of the asset base, what it is costing and producing, how it is being used, maintained and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources.
- 1.4. The AMP is reviewed annually and updated, along with the MTFP and CS, and aims to set out:-
  - The Council's aims and objectives for the use and management of its property, in order to further the delivery of corporate plans and priorities.
  - The organisational framework within the Council which provides the strategic, operational and investment advice needed to run the Portfolio.
  - The principles, policy and strategy for holding operational and non-operational property, releasing and disposing of surplus assets, and making investment in new acquisitions.
  - The makeup of the Council's asset base, its financial worth and revenue returns, operational performance, condition and maintenance position.
  - The Governmental position and economic climate within which the Portfolio operates and the constraints and influences which bear on the way property is held and managed.
  - How the Council challenges and reviews the Portfolio in order to better use and manage its assets to deliver public services.
- 1.5. Recognising the need to more effectively manage and utilise its property assets the Council has considered various options to improve the running of the Portfolio in order to better meet the operational, investment and economic development goals of the Authority. This re-assessment resulted in the Asset Review Business Plan, approved by Council in January 2011, which reclassified the Portfolio into three distinct categories, (Operational, Investment and Economic Development portfolios), each with a clear focus and differing business objectives.

Along with the redefining of the Portfolio, the Business Plan proposed that staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset.

- 1.6. As part of the Asset Review there has been an appraisal of the non-operational properties that the Council own, to determine if they are fit for purpose and meet the Council's overall investment objectives. This identified a requirement to rationalise and consolidate these assets and a programme of disposals is in hand, over a four year period, to re-engineer the investment portfolio. This will release latent value and generate capital receipts which will be reinvested in new assets or other funding opportunities in order to yield a better revenue return for the Council. The Disposal Programme is into its third year and the Management Plan reports and updates on the position and the delivery performance.
- 1.7. The Council has also been looking at its operational assets, in conjunction with the business changes which have come about through the Transformation process. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income from this part of the portfolio. The AMP reports on progress and the position with this and identifies future areas for review.

## **2. PROPOSALS**

- 2.1. The AMP has been revised this year to reflect changes covering:-

- The Asset Review Business Plan & Disposal Programme – progress on the implementation of the Plan, the impact on the Portfolio and its future management.
- Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital values and rental levels.
- Performance of the assets – an update to the National and Local Performance Indicators used to gauge how the Portfolio is doing.
- Condition of the Portfolio – the standard of our properties, current maintenance backlog and where this sits, its suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency.



- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property used for back office or front line service delivery.
- Capital Schemes and Maintenance Budget – where the expenditure is going to sustain, maintain and improve the Portfolio.
- Market conditions and the economy – how this will impact on the Portfolio and the delivery of the Disposal Plan.
- Property acquisitions – what has been done to implement the Business Plan proposal and requirement to reinvest in assets which will produce income to maintain service delivery, support economic development initiatives and operational needs.

### **3. CONSULTATION**

- 3.1. Internally via the Council's corporate structures and processes. The Draft Plan will go to Resources Overview & Scrutiny Panel on the 29<sup>th</sup> August for consideration, comment and feedback.

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

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

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

- 5.1. The proper management of the Council's property resources make an essential contribution the achievement of the Council's plans and priorities.

**Contact Officer:**                      **Raymond Simmons**    **Ext: 7421**

**Appendices**                      **Draft Asset Management Plan 2013 to 2018**  
**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** - None

**Community Engagement** – None

**Economic Development** – None

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

**Local Environment** – None

**Resources** - The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2014/15 to 2018/19.



*Managing property as a resource for the City*

## **ASSET MANAGEMENT PLAN**

**2013 - 2018**

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## **1. The Council**

Carlisle City Council delivers services to just over 100,000 people and for the year 2013/14 has a net revenue budget of £13.454 million and capital expenditure of £4.655 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £4.5 million per annum, from its non operational property, and a net asset value, taking account of depreciation, of circa £120 million. The income is comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

## **2. The Asset Management Plan and Council Priorities**

The Carlisle Plan 2013/2016 sets out the Council's vision for the City *"to promote Carlisle as a prosperous City, one in which we can all be proud"*. The Plan identifies the actions and timetabling for delivering the key priorities for the Council to:-

- Support the growth of more, high quality and sustainable, business and employment opportunities.
- Develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle.
- Work more effectively through partnerships to achieve the Council's priorities.
- Work with partners to develop a skilled and prosperous workforce, fit for the future.
- Make Carlisle clean and tidy.
- Address Carlisle's current and future housing needs

The Council has been undergoing a radical transformation of its organisational structure and service delivery to achieve substantial savings in costs, to reduce the base budget over a 5 year period by £5.4 million.

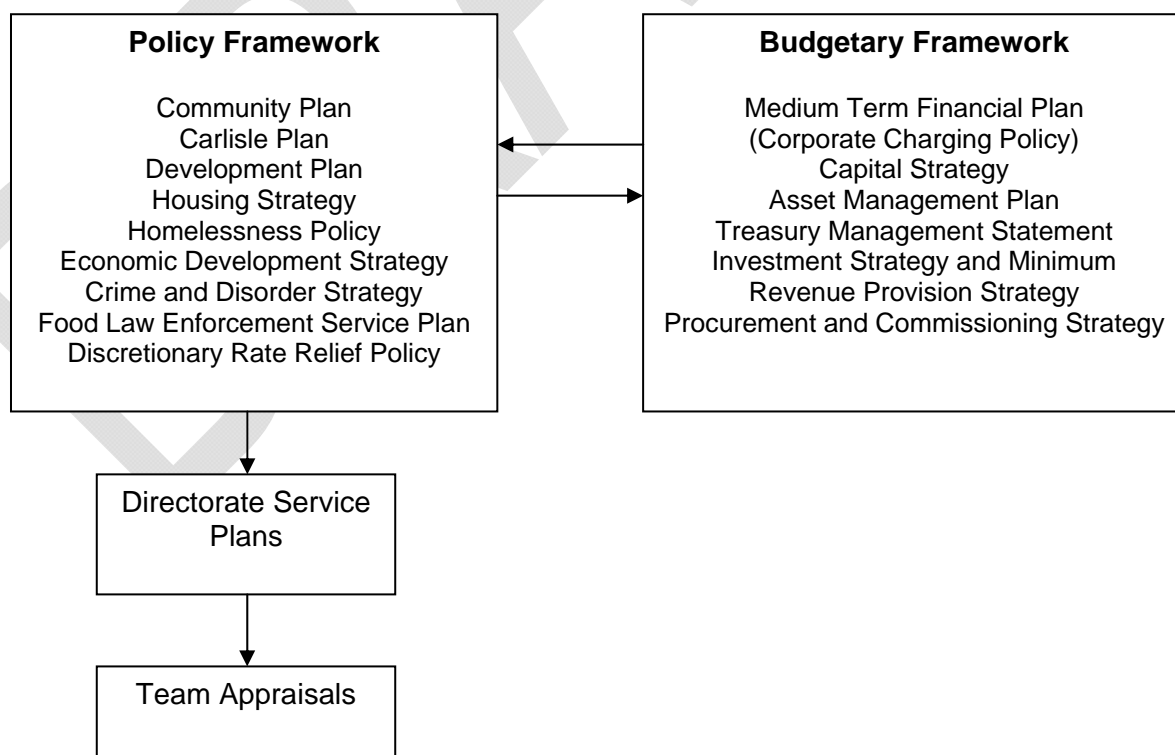
This Asset Management Plan describes how the Council's strategies and policies for its property portfolio will support these priorities and Directorate Service Plans. The Plan aims to provide information about the overall performance of the asset base, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources.

### **3. The Council's Approach to Corporate Planning**

The Council has a corporate plan that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it is a statement of the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



## **Community Plan**

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership (LSP). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be similarity between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

## **Directorate Service Plans**

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

## **Other Council Strategies, Plans and Policies**

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

- The Capital Strategy (CS), which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which set out the assumptions for financing requirements and interest rates and their effect on the revenue budget.

- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy.
- The Local Plan which is in the process of review.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

#### **4. Organisational Framework**

The organisational framework for the delivery of property functions has changed in tandem with the Council's Transformation Programme and Asset Review Business Plan which was adopted by Council in 2011. The Business Plan Working Group now provides strategic direction, oversees the corporate management of the Council's property assets, and gives direction to the work programme.

The framework which has been put in place as part of the recommendations of the Asset Review Business Plan is evolving, as a first step in the transformational review of Directorates the Property Services and Building Services teams have come together within the Resources Directorate. Collectively these teams now assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

Strategic property advice, in terms of economic development activity, will be delivered through the Economic Development Directorate. Both Directorates report through the Senior Management Team (SMT) and then on through the normal Council channels.

The terms of reference for SMT are:-

- ◆ To develop and implement corporate policy and best practise in relation to the Council's property assets.
- ◆ To give strategic direction to other corporate officer groups dealing with operational property matters.



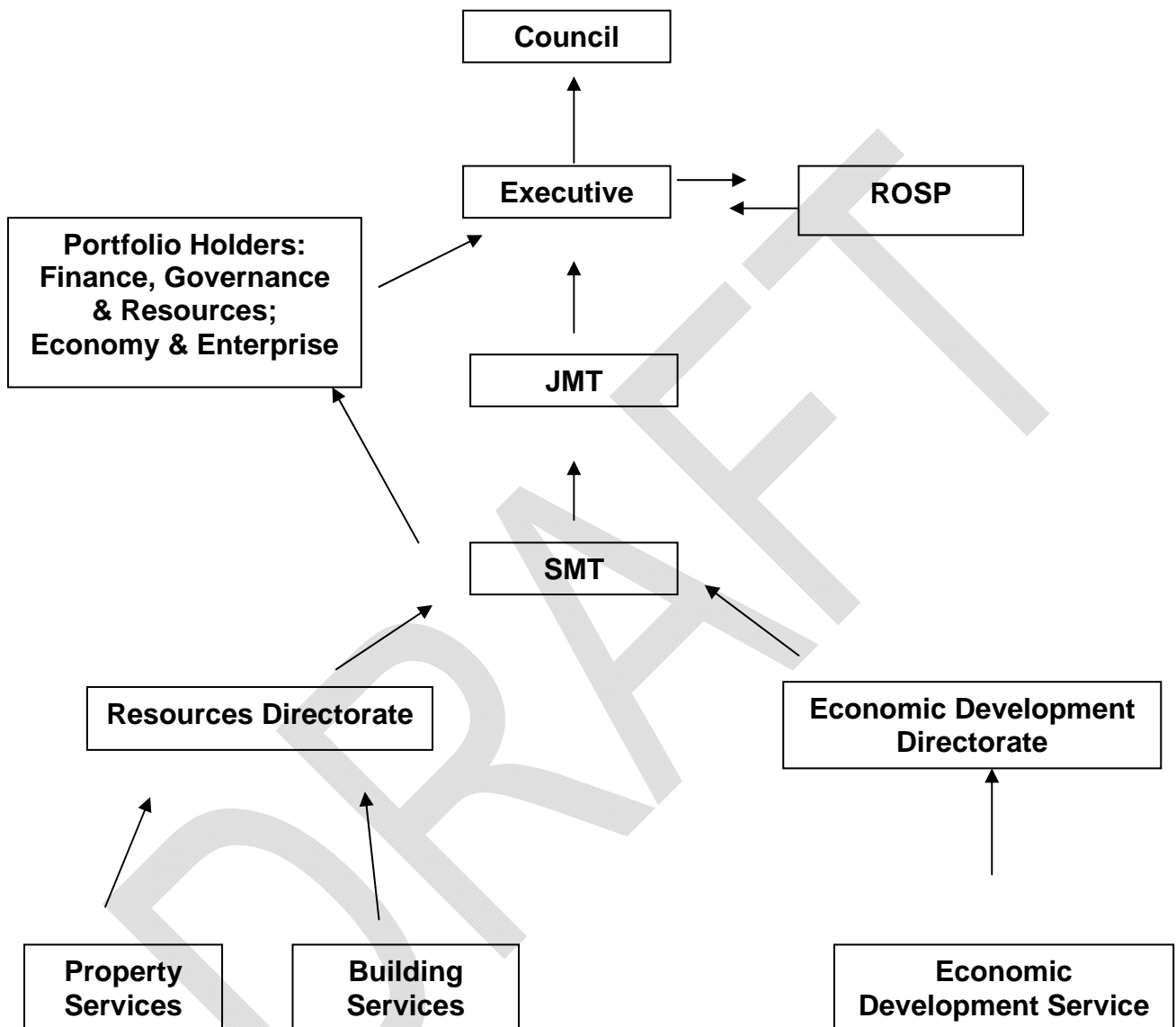
- ◆ To ensure co-ordination of reporting and decision making on strategic matters relating to property.

SMT meets bi-weekly and membership comprises the Town Clerk & Chief Executive, the Deputy Chief Executive, and the Directors of Resources, Governance, Economic Development, Community Engagement and Local Environment.

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Finance, Governance & Resources, and Economy and Enterprise, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council.

DRAFT

## ORGANISATIONAL & REPORTING STRUCTURE



## **5. Corporate Asset Objectives**

### **Aim**

- To set out the Council's policy on the use of assets in order to have a flexible approach to asset ownership and secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.
- To develop a planned approach to the management of the Council's assets linked to corporate priorities.

### **Objectives**

1. To identify all property which the Council owns or uses, compile accurate records, establish its value and the function it performs. Maintain and continually update this information to enable decision making and support to the Council.
2. To make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, and increasing rental income.
3. To effectively respond to the changing property requirements of service delivery improvements.
4. To provide a transparent basis for property investment decisions, through the Capital Programme, and to have a planned approach to the management of the Council's assets, aligned to corporate objectives.
5. To ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio.
6. To apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
7. To support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP).

8. To promote community and partnership use of assets.
9. To link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy.
10. To provide sustainable planned maintenance programmes for a 5-year period.

### **Delivery**

- To develop a planned approach through:-
  - Links to corporate priorities.
  - Carrying out condition surveys
  - Meeting Disabled Discrimination Act requirements.
  - Health and Safety risk assessments.
  - Benchmarking & performance measurement.
- Improving asset management to:-
  - Identify “expensive “and “obsolete” assets.
  - Identify surplus assets.
  - Identify changes to asset requirements, e.g. shared services and home working.
  - Improve energy efficiency, use renewable sources and set targets for carbon reduction.
  - Identify improvements to assets or the asset base to enhance service delivery.
  - Ensure assets are “fit for purposes” and “sustainable”.
  - Identify investment opportunities to improve income yields.

## **6. Performance Monitoring and Measurement**

The Council will manage and monitor the use of its property resources to ensure the portfolio meets the objectives set and delivers performance improvements linked to corporate and service objectives. The Council, using the ‘Covalent system’ overseen by Policy and Communications, manages and monitors performance indicators.

The Council will aim to own assets which are suitable, fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access.

The Council's performance framework continues to review performance and seek the development of SMART indicators which will effectively measure the contribution property makes to the achievement of corporate objectives set out in the priority actions in the Carlisle Plan.

New data capture procedures have been established and an annual exercise is now undertaken to collect property information in order to measure performance and these are contained in the suite of Performance Indicators (PI's) set out in Appendices I and II of this Plan. The use of PI's has allowed the Authority to improve the monitoring of asset performance, illustrate improvements, and identify shortcomings.

The Government's Operational Efficiency Programme (OEP) recommends that Local Authorities and other agencies use the CIPFA Property Asset Management Planning Network to share best practice. The OEP Report also strongly recommends the use of benchmarking to help drive efficiencies.

The Authority is a member of the CIPFA IPF Asset Management Plan Network. Current best practice is to use the National Property Performance Indicators (NAPPMI) which is set out in Appendix I. These indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO<sub>2</sub> emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators; these are shown in Appendix II, which additionally measure occupancy rates for the let estate and disability access to our buildings.

## 7. Policy and Strategy

### ***Operational Property Strategy***

- The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost.
- All service property will be efficient and effective in supporting delivery of the Council's priorities.
- The Council will occupy freehold property where appropriate.
- The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.
- The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate and share services.
- Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes the revenue implications over its useful life (ie whole life costing).
- The following policy principles are to be applied to enable delivery of the service property strategy:

#### **Investment Principles**

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use of the Council, and
- The investment:
  - enhances service delivery
  - improves environmental sustainability
  - improves utilisation
  - increases efficiency
  - adds value
- It addresses statutory obligations

### ***Non-Operational Property Strategy***

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

#### **Investment Principles**

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

## ***Surplus Property Strategy***

- The Council will normally dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts of £660,000 in 2013/14, and £260,000 from 2014/15 onwards, in line with the Capital Strategy and Medium Term Financial Plan. Note additional receipts from the Asset Review Business Plan Disposal Programme are considered separately in this document and the MTFP.

### **Surplus Property**

All operational and non-operational property will be sold unless one of the following applies:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, housing, economic or environmental benefits to meet the Council's agreed priorities, in which case the Council may take a flexible approach to a disposal at less than market value, subject to compliance with any statutory consents and full Council approval.
- It is a long-term strategic investment.

## ***Property Acquisition Strategy***

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.
- The Council will invest in assets to improve the financial returns and yields from the portfolio and deliver the Asset Review Business Plan.



The following policy principles should be applied to enable delivery of the property acquisition strategy:

### **Property Acquisition**

Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver Economic Development policy.
- Where it is required to support the delivery of other Council services and priorities, either directly or through income generation.
- Whole life costing and option appraisal exercises are undertaken.
- Portfolio investments and opportunity purchases meet set target criteria around risk, income returns and yields.

## **8. Government Policy and Statutory Responsibilities**

The overall amount available for distribution to Local Government is determined by the Government's Spending Review. The last review in 2010 (CSR10) is committed to: -

*"Delivering a steep change in the management of the public sector asset base".*

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

The Government's regional policy aims to improve the economic performance of the English regions and to reduce the gap in performance between the regions. The Review of Sub National Economic Development and Regeneration (SNR) sets out a comprehensive package of reform to improve performance. The CSR10 takes forward the conclusions of the SNR.

The Housing and Regeneration Bill aims to deliver the commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities. The Council has been designated as a Growth Point and is seeking ways to encourage increased levels of affordable housing within the district, working with partners to bring Council owned sites into development for the provision of social and affordable housing.

Although the recent structural changes to local government in England have not brought about a change in governance in local areas in Cumbria, there remains an impetus to increase levels of joint working, to improve the efficiency of service delivery and share accommodation.

The Government is also promoting the community management and ownership of public sector assets, acting on the recommendations of the Quirk Review. It believes that community asset transfer can form part of a strategic approach to the use of local authority assets and that it is an important factor in enabling community organisations to be sustainable. The Council has established a Community Asset Register to monitor and manage this initiative.

The Government recently passed the Climate Change Bill setting ambitious targets for carbon reduction. In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan has been developed with support from the Carbon Trust. Along with other Cumbrian Authorities the Council has set a target to reduce carbon emissions by 25% from its buildings, street lighting and transport related functions by April 2013, against a 2007/08 baseline of 6,306 tonnes of carbon. Buildings account for 74% of the carbon baseline. The data received up to the end of March 2012 indicates that significant progress has been made towards this target. Figures for this year have worsened for the first time (but clearly not in comparison to the baseline year which still shows vast improvement) just on last year's comparisons, due to the harsh and longer winter.

## **9. The Resource Context: Value for Money**

The Audit Commission used to measure how well an organisation managed its resources and delivered value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment. This considered:-

*“how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs”.*

With the changes in national Government which arose in 2010 this framework for measuring the use of resources was discontinued. However, despite this the Asset Management Plan must still demonstrate a Council-wide approach to managing assets as a corporate resource, with the focus on using its assets to help to deliver social, environmental and economic outcomes for local communities. Asset management planning should be fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

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

## **10. Changes in the External Environment and Implications for Property**

The underlying economic factors affecting the national economy apply to Carlisle subject to its relatively isolated and remote location. The City is held back from realising its full potential because generally it has not been considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis.

It is mainly sub-regional and local developers and investors who serve the Carlisle property market, with the possible exception of the retail sector. When the UK market shows an upward trend, stability or decline, the Carlisle market follows proportionately – subject to a time delay because of its location.

The City's peaks have been historically, neither high enough nor long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development.

It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless funders are looking for long-term sustainable investment, with a local geographic commitment, developers will prefer more profitable southern locations where rental growth increases more rapidly, and over longer periods.

This risk adverse attitude by the private sector has meant that to date, the public sector has had to be proactive in order to attract development to Carlisle in order to improve economic development opportunities for the community. This is why Carlisle City Council owns the legacy of a considerable property portfolio, and needs to be involved in public/private partnership working.

The changing economic climate, both at a national and local level, arising from the “credit crunch” of a few years ago, restricted borrowing regimes and the continued economic recession, is impacting on the local property market. The Government’s Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

Demand has fallen in all sectors, capital and rental values have decreased. The residential and commercial investment markets, although showing signs of stabilising, still face difficult and uncertain times ahead. These downward trends in the market have undoubtedly affected the Council’s portfolio, and will influence what we can do, and the way we do it, in the forthcoming years. Apart from the effect of some structural changes to the way certain assets are held, the overall capital value of the portfolio has remained at a static level. There has been some upward and downward movement in market values for particular assets but, overall this has balanced out to leave the position year on year unchanged. The makeup of the investment portfolio is quite resilient but, rental income has fallen by roughly £250,000 (5%) since the peak of the market. This mainly arises from the retail part of the portfolio and the influence of the Disposal Programme, although recently the retail market has shown faint signs it may have bottomed out and stabilised but, undoubtedly it will be several years before any real growth materialises and, when this does arise, it will be slight.

The generation of capital receipts may be more problematic in the future the longer the downturn in the market, particularly the residential sector, persists.

## **11. The Existing Portfolio and Current Performance**

Gross Asset Value as at 31 March 2013.

	<b>Operational assets</b>		<b>Non operational assets</b>		<b>Total</b>
	<b>Community Assets</b>	<b>Land &amp; Buildings</b>	<b>Investment</b>	<b>Surplus</b>	
<b>No of assets</b>	<b>71</b>	<b>79</b>	<b>60</b>	<b>2</b>	<b>212</b>
<b>Total income</b>	<b>£26,000</b>	<b>£1,107,000</b>	<b>£4,616,000</b>	<b>Nil</b>	<b>£5,749,000</b>
<b>Capital value</b>	<b>£3,832,000</b>	<b>£27,664,000</b>	<b>£95,016,000</b>	<b>£82,000</b>	<b>£127,094,000</b>
<b>Capital Expenditure</b>	<b>£62,182</b>	<b>£946,882</b>	<b>£442,206</b>	<b>-</b>	<b>£1,451,270</b>
<b>Asset Reserve</b>		<b>-</b>	<b>£392,000</b>		<b>£392,000</b>
<b>Maintenance backlog</b>		<b>£2,970,625</b>	<b>£2,000,000</b>	<b>-</b>	<b>£4,970,625</b>

**NB** The total capital spend in 2012/13 was £4.5 million. However this did not all relate to property assets, £1.2 million was Revenue Expenditure Funded from Capital Under Statute which included capital works on assets which are not owned by the Council.

The figure for the maintenance backlog on the operational buildings in the portfolio is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure has decreased by around £340,000 or 10% since last year. This is partially a result of the disposal of assets, and partly due to the consequences of remedial work carried out under the capital works programme.

The figure for the non-operational backlog relates to historical infrastructure costs associated with our industrial estate ground rented portfolio and has not been reviewed for a number of years. There is a suspicion this figure has come down, due to the disposal programme and the capital expenditure which has gone into infrastructure improvements on the Kingstown, Durranhill and Willowholme Industrial Estates over the last few years but, as there is no recent survey data available, this notion can't be substantiated with evidence.

## **12. Maintenance Backlog**

	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>	<b>16/17</b>
<b>Total Revenue Budget</b>	£700,000	£646,500	£646,500	£646,500	£646,500
<b>Capital Schemes Special Projects</b>	£577,357	£300,000	£300,000	£300,000	£300,000
<b>Ratio Planned: Reactive Maintenance</b>	76 : 24	76 : 24	76 : 24	76 : 24	76 : 24

Based upon property condition surveys, an annual planned maintenance programme has been established for all the operational assets. There is a maintenance backlog; currently £2,970,625 for the portfolio of operational and non-operational buildings, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 3 year programme of planned and reactive maintenance on 19 November 2012 (report reference RD53/12). In condition category terms the split is as follows:-

<b>Condition Category</b> (as a % of Gross Internal Area Operational Property)	<b>Sustainable Criteria</b>
<b>A. (Excellent) 51%</b>	<b>Yes</b>
<b>B. (Good) 31%</b>	<b>Yes</b>
<b>C. (Mediocre) 13%</b>	<b>Review</b>
<b>D. (Poor) 5%</b>	<b>No</b>

Improvements in the operational portfolio are mainly due to the new Shaddongate Resource Centre..

## **Energy Efficiency**

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects has been carried out. Significant investment in Tullie House in the year 2011/12 has resulted in the target of 20% reduction in energy consumption being achieved. The merits and feasibility of a Hydro scheme is still being investigated on the Caldew at Denton Holme. New boilers have been installed in Morton Community Centre.

There has been little investment in new energy efficiency schemes in the last year. The cold winter and spring has resulted in increased costs for gas in particular. The new solar photovoltaic arrays at the Civic Centre and Sands Centre have been successful in terms of electricity generation and income received from the feed in tariff.

## **Capital Works and Repairs**

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties. This programme is required to meet those duties. Report (RD 01/13) was presented to the Executive on the 8<sup>th</sup> April 2013 with proposals for capital investment for planned major repairs. The business case identified 7 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2013/14 has been allocated as follows:-

## ASSET MANAGEMENT PLAN 2013 – 2018 1<sup>st</sup> Draft

PROJECT	COST	PRIORITY
Civic Centre - Rewiring and refurbishment of programme	£90,000	Health and Safety / Energy Conservation
Tullie House – Re-covering of flat roof area over Paintings store	£80,000	Business Case/ Conservation/Asset protection
Civic Centre – Re pave the flagged areas to the frontal approach and entrance	£25,000	Health and Safety
Enterprise Centre – Re- cover the main flat roof	£50,000	Business case
West Walls – Stone repairs and re-pointing of historic City Wall	£20,000	Heritage Conservation
Talkin Tarn – Underpin the Tea Room wall foundation	£25,000	Health and Safety
Various Properties – Asbestos removal	£10,000	Health and Safety
<b>TOTAL</b>	<b>£300,000</b>	

### 13. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.
2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.
3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which has considerable further potential.
4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.



5. The opportunity has been grasped to take a more dynamic and commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency.

### **Accommodation Review**

An Accommodation Review is underway as an integral part of the Transformation Programme to review corporate accommodation, both back office and front public facing service delivery properties. This will comprise a comprehensive analysis of accommodation needs and the existing provision, explore future solutions and implement the most beneficial models for the Authority. It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible. The project will be on going over several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

- Corporate standards for accommodation;
- Efficient and effective accommodation for all Council staff & operations;
- Consolidate office staff and functions into the Civic Centre;
- Maximise usage of occupied accommodation and deliver efficiencies;
- Maximise potential revenue streams;
- Identify and meet target capital receipt savings and income.

To date the review has achieved the following improvements to the portfolio:-

- Centralisation of back office delivery with the closure and demolition of part of Boustead's Grassing and transfer of staff to the Civic Centre;
- Improved space utilisation in the Civic Centre;

- Continued development of the Customer Contact Centre as a public service centre hub;
- The letting and sharing of office space with other public sector providers
- An interim rationalisation of the Councils Depots, Willowholme Depot has been declared surplus to requirements and is on the market for sale;
- Provision of a new Women's and Family Hostel in Water Street to replace the existing facility.

The challenges going forward are to further examine space utilisation in the Civic Centre; the continued reduction in staff during 2012/13 has led to deterioration in the occupancy rate and increased costs per full time employee (FTE), and to find new occupiers to share the surplus accommodation, reduce overall costs in use, and compliment the Council's ambitions to improve public access to a wider range of customer services through the Contact Centre. Also, with the recent transfer of retained Highway Rights back to the County Council there is a need, in the light of future service requirements, to further examine the utilisation and retention of Boustead's Grassing as sustainable Depot and the possible requirement for alternative provision.

### Asset Review Business Plan

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

The strategic objectives of the Plan are broadly to have:-

- Clear and separately focused management of the operational, investment and economic development assets.
- Fewer higher value assets which will give a better yield and are cheaper and easier to manage
- The latent value and development opportunities embedded in the portfolio unlocked and released for reinvestment.
- Well maintained assets which will continue to be attractive to tenants and occupiers.
- Increased returns through higher income and lower outgoings.

To provide clear segregation between the objectives and priorities for each asset the portfolio has been divided into 3 distinct categories established as follows:-

1. Operational Assets – properties that are needed in order to carry out the Council's day to day business and deliver services or are required and retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose.
2. Economic Development Assets – properties that are identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District.
3. Investment Assets – properties where the sole function is to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management. These changes will take place within the context of the Transformation Programme.

### **Disposal Programme**

The Business Plan recognises that the current Investment portfolio needs re-engineering through a process of rationalisation to consolidate the asset base and improve overall financial returns through reinvestment or acquisitions. The Plan aims at realising £24m through the disposal over a 4 year period of 51 assets which are underperforming or have embedded value which can be realised. The proceeds will be used to generate additional income of £1m to support budget and efficiency savings and help protect and secure service delivery into the future.

### **Outcomes:**

In line with expectations individual asset receipts have produced results on, below and above target figures. To date 25 assets have been sold realising total gross receipts of circa £5.5 million. Overall the returns show an increase of approximately 18% (Morton excluded) above the business plan estimates. The market appears to be hardening for certain types of asset; at this juncture in the programme there is no reason to suspect the current trends and levels of return will not continue however, we have adopted a conservative approach and these increases have not been built into future sale projections. Note the Morton Site, anticipating a receipt following the grant of outline planning consent in excess of the Business Plan estimate, has been included in the 2012/13 budget at a figure of £15m.

### **Reinvestment Options:**

The Business Plan envisages capital receipts will be used to generate £1 million additional revenue and support purchases in the economic development and operational property portfolios.

Opportunity purchases into the Economic Development portfolio have recently been completed to consolidate the Council's existing ownership and land holdings in Rickergate with the acquisition of further properties in the Warwick St area.

The Morton disposals, paramount to the disposal programme, are progressing. The Executive's 2012/13 budget resolved that a £15 million Treasury Management investment is transacted whilst the longer term options for the proceeds of sale are determined, including option appraisals for paying off a £15 million stock issue in 2020.

Purchases into the investment portfolio are being investigated and under consideration, and the Council is examining the options and feasibility for alternative

approaches to the asset and estate management of its investment land holdings at Kingstown and Parkhouse.

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## 14. Summary


1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.
2. Members are aware and have approved a plan to address backlog maintenance.
3. Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.
4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.
5. The Council's asset base has considerable latent value, which if unlocked through the new Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.
6. The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

**APPENDIX I**

**NATIONAL PROPERTY PERFORMANCE INDICATORS**

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**APPENDIX I**

 <b>CARLISLE</b> <b>CITY COUNCIL</b>  <a href="http://www.carlisle.gov.uk">www.carlisle.gov.uk</a>	Asset Management Plan		
	<b>Appendix : Property Performance Indicators</b>		
<b>COPROP Property Management Initiative Property Performance Indicators (PMI's)</b>			
<b><u>PMI 1A: % gross internal floor-space in condition categories A- D</u></b>			
	<b><u>Mar-11</u></b>	<b><u>Mar-12</u></b>	<b><u>Mar-13</u></b>
(a) <b>Schools:</b> Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(b) <b>Other Land &amp; Buildings:</b> Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	46.1 31.8 17.2 4.9	49.1 32.6 12.8 5.5	50.8 31.4 12.5 5.3
(c) <b>Community Assets:</b> Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(d) <b>Non-operational assets:</b> Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	0 19 6 75	0 38.3 0 61.7	0 30.7 0.8 68.5
<b>Objective:-</b> To measure the condition of the asset for its current use			
<b>Definitions:-</b> <b>A:</b> Good – Performing as intended and operating efficiently <b>B:</b> Satisfactory – Performing as intended but showing minor deterioration <b>C:</b> Poor – Showing major defects and/or not operating as intended <b>D:</b> Bad – Life expired and/or serious risk of imminent failure			



**Comments:-**

We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The marginal overall shift in improvement on the operational properties is due to the new buildings coming into the portfolio such as the Resource Centre and the new Crematorium offices. The decline in performance of the non-operational portfolio is largely due to the relatively high proportion of poor quality assets left on the books as a consequence of the disposal programme. For example, the Enterprise Centre now accounts for 69% of non operational floor space.



Asset Management Plan

**Appendix : Property Performance Indicators**

**PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m<sup>2</sup> GIA**

	Mar-11		Mar-12		Mar-13	
	£	%	£	%	£	%
(a) <b>Schools</b>						
Urgent repairs (priority 1)						
Essential repairs (priority 2)						
Desirable repairs (priority 3)						
Total						
Overall Cost per m <sup>2</sup> GIA						
(b) <b>Other Land &amp; Buildings</b>						
Urgent repairs (priority 1)	295,840	12.5	397,800	16	325,600	15
Essential repairs (priority 2)	1,667,350	70.2	1,684,900	68	1,460,425	68
Desirable repairs (priority 3)	411,375	17.3	385,725	16	353,600	17
Total	2,374,565		2,468,425		2,139,625	100
Overall Cost per m <sup>2</sup> GIA	45.47		49.94		41.59	
(c) <b>Community Assets:</b>						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m <sup>2</sup> GIA	n/a		n/a		n/a	
(d) <b>Non-operational Assets:</b>						
Urgent repairs (priority 1)	5850	1.2	0			
Essential repairs (priority 2)	463,150	98.6	841,000	100	561,000	68
Desirable repairs (priority 3)	900	0.2	0		270,000	32
Total	469,900		841,000		831,000	100
Overall Cost per m <sup>2</sup> GIA	70.29		138.82		124.03	

**Objective:-**

Measure required maintenance.

**Definitions:-**


Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

Essential work required within two years that will prevent serious deterioration of the fabric of the services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.

**Comments:-**

Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Slightly improving overall picture to the operational portfolio as capital expenditure has been targeted at urgent work. The changes noted to the Non-operational assets are primarily due to a review of the categorisation of repairs to reflect consultant advice on achieving energy performance ratings.

 <p><b>CARLISLE</b> <b>CITY COUNCIL</b></p> <p><a href="http://www.carlisle.gov.uk">www.carlisle.gov.uk</a></p>	<p>Asset Management Plan</p> <p><b>Appendix: Property Performance Indicators</b></p>
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**PMI 1C: Annual Percentage change to total required maintenance figure over previous year**

	<b>Mar-13</b>
Total Required Maintenance	£2,970,625
Annual % Change in total required maintenance from previous year	-10

**Objective:-** Measure changes in spend on maintenance.

**Definitions:-**

**Required maintenance** is defined as “The cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or meet statutory or contract obligations and maintain it at the standard”.

**Spend on maintenance** covers the total repair and maintenance programme (reactive and planned) including any associated fees for the work. It should also include any capital spending on repair and maintenance.

**Comments:-**

The total backlog maintenance liability figure shows a reduction from last year. This is attributable to the ongoing process of rationalisation across the portfolio and the disposal/replacement of high maintenance and costly properties.

**PMI 1D: Maintenance Spend**

		<b>2011/12</b>	<b>2012/13</b>
(i)	Total spend on maintenance	1,200,514	962,654
(ii)	Total spend on maintenance per m <sup>2</sup> GIA	£20.54	£16.55
(iii)	Planned/reactive maintenance split	76% / 24%	76%:24%

**Objective:-** Show split in type of maintenance

**Definition of Planned and Reactive Repairs:-**


**Planned** – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.

**Reactive** – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.


To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

**Comments:-**


Reduced annual spend reflecting the budgetary constraints on resources available to look after the portfolio.

 <p><b>CARLISLE</b> CITY COUNCIL</p> <p><a href="http://www.carlisle.gov.uk">www.carlisle.gov.uk</a></p>	Asset Management Plan
	<b>Appendix: Property Performance Indicators</b>


<b>PMI 2 A, B &amp; C Environmental Property Issues</b>				
		<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
A	Energy Cost – total spend (£)			
	Energy Total Consumption (kwh)	12,863,493	11,008,581	10,934,582
	Energy Cost per m <sup>2</sup> (£/m <sup>2</sup> )			
	Energy Consumption per m <sup>2</sup>	329.60	282.08	280.59
B	Water Cost – total spend (£)			
	Water Total Consumption (m <sup>3</sup> )	12593	12003	9417
	Water Cost per m <sup>2</sup> (£/m <sup>2</sup> )			
	Water Consumption per m <sup>2</sup> (m <sup>3</sup> /m <sup>2</sup> )	0.58	0.55	0.48
C	CO2 Total Emissions (tonnes CO <sup>2</sup> )	3820.62	3321.52	3326.26
	CO2 total Emissions/m <sup>2</sup> (Tonnes CO <sup>2</sup> /m <sup>2</sup> )	0.0979	0.0851	0.0854
To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.				
<b>Definitions:-</b> To reduce environmental impacts of operational property. To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement. To compliment the process for 'Energy Certificates'. To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.				
<b>Comments:-</b> Although generally recognised that energy costs are increasing the effect of this has been offset by a reduction in consumption. This is attributable to energy saving conservation projects which have been adopted but also due to shrinking operations arising from the Transformation process. The dramatic change in the consumption of water is much more than could be reasonably anticipated, the fall is excessive and is probably due to a billing anomaly.				

 <p><b>CARLISLE</b> CITY COUNCIL</p> <p><a href="http://www.carlisle.gov.uk">www.carlisle.gov.uk</a></p>	Asset Management Plan
	<b>Appendix: Property Performance Indicators</b>

<b>PMI 3 A &amp; B: Suitability Surveys (Local Indicator)</b>			
	<b><u>Mar-11</u></b>	<b><u>Mar-12</u></b>	<b><u>Mar-13</u></b>
% of Portfolio by GIA m <sup>2</sup> for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available
<b>Objective:-</b> For Local Authorities to carry out Suitability Surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service deliveries i.e. are they fit for purpose.			
<b>Definitions:-</b> To be reported for <b>all</b> operational buildings (excluding Schools) occupied by the Local Authority. To ensure that the property meets the needs of the user. To enable key decisions to be made.			
<b>Comments:-</b> Suitability surveys will be undertaken on a phased basis as and when resources allow.			

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	<b>Appendix: Property Performance Indicators</b>

<b>PMI 4 A, B, C &amp; D: Provision of access to buildings for people with disabilities</b>			
		<b>Mar-12</b>	<b>Mar-13</b>
A	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	73.72%	76.11%
B	Number of properties for which an Access Audit has been undertaken by a competent person	33	36
C	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	73.72%	76.11%
D	Number of properties for which there is an Accessibility Plan in place	33	36
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	83.9%	84.4%
<b>Objective:-</b> To monitor progress in providing access to buildings for people with disabilities.			
<b>Definitions:-</b> To monitor the progress at which Local Authorities carry out access audits. To enable key decisions to be made.			
<b>Comments:-</b> Further audit inspections have been undertaken. Year on year PI remains relatively static. The slight improvement is due to a higher proportion of non-compliant properties being disposed. A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure.			

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**PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio**

		<b>Mar-12</b>	<b>Mar-13</b>
A1a	Operational office property as a percentage (% GIA m <sup>2</sup> ) of the total portfolio	20.9%	20.6%
A1b	Office space per head of population	0.11 sq m	0.11 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	78%	78%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	15.67 sq m	17.33 sq m
B2	Average floor space per workstation (not FTE)	10.87 sq m	10.87 sq m
B3	Annual property cost per workstation (not FTE)	£1028.21	£1112.51

**Objective:-**

To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.

**Definitions:-**

To identify the intensity of use of space.

To assist councils to identify and minimise assets which are surplus or not in use.

To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.

To measure the level of usage.

**Net Internal Area (NIA):** The usable area within a building measured to the internal face of the perimeter walls at each floor level.


**Net Office Space (NOS):** NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.

**Full Time Equivalent (FTE):** No of staff based in the building expressed in full time equivalent terms.


**Comments:-**

Recent improvements in occupancy rates, achieved through the Accommodation Review, have deteriorated within the Civic Centre. The lower utilisation rate has arisen from staff reductions; there are now more empty desks throughout the building, highlighting a need for further review to redress the shortfalls .



 <p><b>CARLISLE</b> CITY COUNCIL</p> <p><a href="http://www.carlisle.gov.uk">www.carlisle.gov.uk</a></p>	Asset Management Plan
	<b>Appendix : Property Performance Indicators</b>

<b>PMI 6: Spend</b>		
	<u><b>Mar-12</b></u>	<u><b>Mar-13</b></u>
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.5%	2.26%
Gross Property Costs per m <sup>2</sup> GIA by CIPFA Categories/Types:	£/m2	£/m2
<div style="text-align: right;">Schools</div>		
<div style="text-align: right;">Operational Buildings</div>	35.10	29.26
<div style="text-align: right;">Community Assets</div>	N/A	N/A
<div style="text-align: right;">Non-operational Assets</div>	16.78	18.06
<p><b>Objective:-</b> To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.</p> <p><b>Comments:-</b> Total running costs show a slight overall improvement on last year's figures as a proportion of the total gross revenue budget. Breaking down the figures, non operational costs reflect a slight increase; this is mainly associated with the Enterprise Centre.</p>		

 <p><b>CARLISLE</b> CITY COUNCIL  www.carlisle.gov.uk</p>	Asset Management Plan
	<b>Appendix : Property Performance Indicators</b>

<b>PMI 7 A, B, C &amp; D: Time &amp; Cost Predictability</b>		<b>Mar-12</b>	<b>Mar-13</b>
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	90%	100%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	100%	100%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	100%	90%
<b>Objective:-</b> To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional “local” indicators to start the measures at an earlier stage.			
<b>Comments:-</b> A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result. In respect of (D) the 90% outturn figure reflects the position on the Community Resource & Training Centre at Shaddongate where costs exceeded budget. The City QS consultant continually informed us that costs would be within budget until the final account stage.			

**APPENDIX II**

**LOCAL PERFORMANCE INDICATORS**

DRAFT

**APPENDIX II****Local Performance Indicators**

Indicator	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Target	12/13 Actual	Comments
<b>BV 156</b> Percentage of buildings open to the public suitable for and accessible to disabled people	81.81%	82%	83.8%	83.9%	85%	84.4%	The slight improvement is due to a higher proportion of non-compliant buildings being disposed of. Improved performance on the remaining buildings will be increasingly difficult to achieve due to capital costs and the nature of the portfolio i.e. Listed Buildings.
<b>MI 931 C1</b> Maximise the occupancy of Council's commercially let business units	90.53%	87.96%	88.03%	87.87%	90%	85.92%	The target going forward remains the same reflecting the unchanged market conditions. The disposal of a significant proportion of our workshop portfolio, relatively well let, has impacted negatively on this indicator.

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 5 AUGUST 2013**

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**EX.83/13     DRAFT ASSET MANAGEMENT PLAN**  
(Key Decision – KD.012/13)

**Portfolio**     Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**     Resources

### **Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.31/13 on the draft Asset Management Plan 2013 – 2018.

The Finance, Governance and Resources Portfolio Holder outlined the background to the matter, reminding Members that the draft Asset Management Plan was being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011 details of which were provided.

The Plan also reported on the current position and performance of the Portfolio and the Asset Disposal Programme.

The Finance, Governance and Resources Portfolio Holder moved the recommendation that Members note the position and approve the updates to the Draft Asset Management Plan in order for it to proceed for consideration by the Resources Overview and Scrutiny Panel and full Council.

**Summary of options rejected**     None

### **DECISION**

That the Executive:

1. Noted the position as set out in Report RD.31/13.
2. Approved the updates to the draft Asset Management Plan in order for it to proceed for consideration by the Resources Overview and Scrutiny Panel, before coming back to the Executive and full Council in September 2013.

### **Reasons for Decision**

To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme



# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.7**

Meeting Date: 29 August 2013  
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 JUNE 2013  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD28/13

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to June 2013 and was considered by the Executive on 5 August 2013.

## Questions for / input required from Scrutiny:

Members are asked to note the variances contained within this report.

## Recommendations:

Members of the Resources Overview and Scrutiny Panel are asked to note the overall budgetary position for the period April to June 2013.

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Council:	<b>n/a</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 5 August 2013  
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 JUNE 2013  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD28/13

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to June 2013.

## 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 June 2013.

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Council:	<b>n/a</b>



## **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 2013/14:

<b>2013/14 Capital Budget</b>	<b>£</b>
<b>Original 2013/14 Programme (approved Feb 2013)</b>	<b>9,280,000</b>
Direct Revenue Financing - Customer Contact Centre (OD 014/13 26/03/13)	25,000
Direct Revenue Financing - Employee Payment & Resource Management System (RD07/13 Executive 7/05/13)	70,000
<b>Revised 2013/14 Capital Programme (at June 2013)</b>	<b>9,375,000</b>
Carry forwards from 2012/13 (RD11/13 Council 16/7/13)	1,828,700
Removal of budgets (RD11/13 Council 16/7/13)	(6,348,500)
<b>Revised 2013/14 Capital Programme (after carry forwards)</b>	<b>4,855,200</b>
Reprofiling of Arts Centre (subject to Council approval)	(200,000)
<b>Revised 2013/14 Capital Programme</b>	<b>4,655,200</b>

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

### 3. 2013/14 BUDGET MONITORING

3.1 The position statement as at June 2013 can be summarised as follows:

<b>Directorate</b>	<b>Revised Annual Budget £</b>	<b>Budget to Date £</b>	<b>Spend to date £</b>	<b>Variance to date £</b>	<b>Para. Ref.</b>
Resources	1,209,900	100,001	92,111	(7,890)	3.3
Community Engagement	2,148,700	704,067	610,459	(93,608)	3.4
Local Environment	798,100	0	(1,042)	(1,042)	3.5
Economic Development	498,500	183,800	184,111	311	3.6
<b>Total</b>	<b>4,655,200</b>	<b>987,868</b>	<b>885,639</b>	<b>(102,229)</b>	

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

3.2 As at the end of June, expenditure of £885,639 has been incurred. When considered against the profiled budget of £987,868 this equates to an underspend of £102,229.

The unspent balance remaining of the revised annual budget of £4,655,200 is £3,769,561. This will be closely monitored over the following months to identify accurate project profiles and any potential slippage into future years.

3.3 The variance in Resources is attributable to the following:

- (i) An underspend on vehicle replacement purchases carried forward from 2012/13. This will be offset by an overspend on another replacement that is currently on order.

- 3.4 The variance in Community Engagement is attributable to the following:
- (i) An underspend on Disabled Facilities Grants. The take up of DFGs has been slower at the start of this financial year compared to other years and the position will be closely monitored to determine whether this will be an ongoing trend.
- 3.5 There are no significant variances to date in Local Environment. The negative figure relates to retentions coming in less than expected.
- 3.6 There are no significant variances to date in Economic Development.
- 3.7 A number of schemes are included in the capital programme for 2013/14 that require reports to be presented to the Executive for the release of funding before the project can go ahead.

Scheme	Budget £	Revised Budget £	Note
Arts Centre	250,000	50,000	1
Public Realm	100,000	100,000	
<b>Total</b>	<b>350,000</b>	<b>150,000</b>	

Notes:

1. A revised scheme is being developed which requires approval by Council to increase the capital programme by £478,500 and reprofile the expenditure to £50,000 in 2013/14 and £1,014,500 in 2014/15.

#### 4. FINANCING

- 4.1 The 2013/14 capital programme can be financed as follows:

	£	Notes
<b>Total Programme to be financed (para 2.1)</b>	<b>4,655,200</b>	
<u>Financed by:</u>		
Capital Receipts (including PRTB receipts)	2,941,100	
Capital Grants		
• Disabled Facilities Grant	663,000	
• General	37,900	
Direct Revenue Financing	165,100	
Other Contributions	716,800	
Earmarked Reserves	32,900	
Internal Borrowing	98,400	1
<b>Total Financing</b>	<b>4,655,200</b>	

Notes:

1. Council have approved an increase in the capital programme of £227,000 in 2013/14 for the purchase of new vehicles required to provide the Bring sites service in-house. This will increase the borrowing requirement in 2013/14 by £227,000 but the capital receipts will be repaid over 4-5 years from revenue savings. This increase has not yet been reflected in the 2013/14 capital programme.

## 5. CAPITAL RESOURCES

- 5.1 The following table shows the position as at June 2013 of the capital resources due to be received during 2013/14:

	2013/14 Budget	2013/14 Actual	2013/14 Not yet received	Note
	£	£	£	
Capital Receipts				
· General	(660,000)	0	660,000	1
· Asset Review	(21,218,000)	0	21,218,000	1
· Vehicle Sales	0	(89,897)	(89,897)	2
· Renovation Grants repaid	0	0	0	
· PRTB Sharing agreement	(150,000)	0	150,000	3
Capital Grants				
· Disabled Facilities Grant	(663,000)	(667,717)	(4,717)	
· Old Town Hall	(33,700)	0	33,700	
· General	0	0	0	
Capital Contributions				
· Section 106	(716,800)	0	716,800	4
· General	0	0	0	
<b>Total</b>	<b>(23,441,500)</b>	<b>(757,614)</b>	<b>22,683,886</b>	

Notes:

1. Receipts for 2013/14 are anticipated to be received from the Lovells agreement (£160,000), general capital receipts (£250,000) and Hostel replacement (£250,000). The asset review sales anticipated to be received have been revised upwards to include the receipts from sales budgeted for in 2012/13 (£570,500) but not completed until 2013/14, and also downwards by £1million due to a reduced level of receipts expected in 2013/14.
2. Included within vehicle sales are receipts of £34,397 for individual vehicle sales that are below the deminimis 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 (considered elsewhere on the agenda).

3. PRTB income for the year is received on 28 April following the year-end but is accrued into the relevant year. It should be noted that Riverside Group are currently preparing forecasts for PRTB receipts for 2013/14 and the current payment due to the Council is £77,300 based on 3 sales to date as at 30 June. This position is being monitored regularly and forecast projections for 2013/14 will be provided in a future report to the Executive.
4. Contributions from Section 106 agreements to Castle Way Cycle Ramp (£346,800) and Public Realm Work S106 (£370,000).

## **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 2012/13 accounts, fixed assets totalled £153million (2011/12 £167million). 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 30 June 2013 debtors of £113,032 (£399,769 at 31 March 2013)

were outstanding for capital grants, contributions and receipts. PRTB receipts for 2012/13 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 June 2013 totalled £114,125 (£388,758 at 31 March 2013).

### 7. **PERFORMANCE**

- 7.1 The 2013/14 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.
- 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.

### 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 29 August 2013.

## **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 June 2013.

## **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 E  
**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

**Community Engagement** – Not applicable

**Economic Development** – Not applicable

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

**Local Environment** – Not applicable

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

Scheme	Original Capital Programme 2013/14 £	Other Adjustments £	Revised Capital Programme 2013/14 £	Carry Forwards from 2012/13 £	Other Adjustments 2012/13 Outturn £	Revised Capital Programme 2013/14 £
<b>Current non-recurring commitments</b>						
Public Realm (S106)	330,000		330,000	40,000	0	370,000
Clean Up Carlisle	12,000		12,000	8,500	0	20,500
	<b>342,000</b>	<b>0</b>	<b>342,000</b>	<b>48,500</b>	<b>0</b>	<b>390,500</b>
<b>Recurring commitments</b>						
Asset Review Purchases	6,272,500		6,272,500	0	(6,272,500)	0
Planned Enhancements to Council Property	300,000		300,000	0	0	300,000
Vehicles, Plant & Equipment	259,500		259,500	311,000	0	570,500
ICT Shared Service	114,000		114,000	108,300	0	222,300
IT Equipment	79,000		79,000	0	(76,000)	3,000
	<b>7,025,000</b>	<b>0</b>	<b>7,025,000</b>	<b>419,300</b>	<b>(6,348,500)</b>	<b>1,095,800</b>
<b>New non-recurring commitments</b>						
Arts Centre	250,000	(200,000)	50,000	0	0	50,000
Public Realm Work	100,000		100,000	0	0	100,000
Paternoster Row	100,000		100,000	0	0	100,000
Harraby School and Community Campus contribution	600,000		600,000	0	0	600,000
Customer Contact Centre	0	25,000	25,000	0	0	25,000
Employee Payment & Resource Management System	0	70,000	70,000	0	0	70,000
	<b>1,050,000</b>	<b>(105,000)</b>	<b>945,000</b>	<b>0</b>	<b>0</b>	<b>945,000</b>
<b>Disabled Facilities Grants</b>						
Private Sector Grants	863,000		863,000	0	0	863,000
	<b>863,000</b>	<b>0</b>	<b>863,000</b>	<b>0</b>	<b>0</b>	<b>863,000</b>
<b>Continuing Schemes</b>						
Play Area Developments	0		0	6,200	0	6,200
Old Town Hall	0		0	298,500	0	298,500
Trinity Church MUGA	0		0	2,100	0	2,100
Castle Street Public Realm	0		0	10,000	0	10,000
Female & Families Accommodation	0		0	608,600	0	608,600
Kingstown Industrial Estate	0		0	32,900	0	32,900
PCIDSS Capital	0		0	30,600	0	30,600
Document Image Processing	0		0	13,500	0	13,500
Connect 2 Cycleway	0		0	11,700	0	11,700
Castle Way Cycle Ramp (S106)	0		0	346,800	0	346,800
	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,360,900</b>	<b>0</b>	<b>1,360,900</b>
<b>TOTAL</b>	<b>9,280,000</b>	<b>(105,000)</b>	<b>9,175,000</b>	<b>1,828,700</b>	<b>(6,348,500)</b>	<b>4,655,200</b>



RESOURCES

Scheme	Annual Budget	Carry Forwards From 2012/13	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
IT Shared Service	193,000	32,300	225,300	0	1	1	Part of Shared Service Business Case.
Planned Enhancements to Council Property	300,000	0	300,000	3,001	2,908	(93)	Budget released by Executive 8/4/13 (RD01/13).
Town Clocks Invest to Save	0	0	0	0	5,064	5,064	To fit auto-winding and regulation of town clocks. Revenue savings will be generated to repay the capital investment.
Vehicles & Plant	259,500	311,000	570,500	97,000	82,137	(14,863)	Underspend to date on replacements carried forward from 2012/13.
Document Image Processing	0	13,500	13,500	0	2,000	2,000	Phased implementation in progress.
PCIDSS Capital	0	30,600	30,600	0	0	0	Implementation costs for a new security standard in line with the Payment Card Industry (RD26/12 Executive 6/8/12).
Employee Payment & Resource Management System	70,000	0	70,000	0	0	0	Approved by Executive 7/5/13 (RD07/13).
Asset Management Plan	6,272,500	(6,272,500)	0	0	1	1	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. The budgets have been returned to reserves and earmarked for asset purchases to be released back into the programme by Executive when such acquisition opportunities become available.
<b>Grand Total</b>	<b>7,095,000</b>	<b>(5,885,100)</b>	<b>1,209,900</b>	<b>100,001</b>	<b>92,111</b>	<b>(7,890)</b>	

COMMUNITY ENGAGEMENT

Scheme	Annual Budget	Carry Forwards from 2012/13	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Customer Services	25,000	0	25,000	6,258	6,999	741	Improvements to Civic Centre reception/foyer area funded from additional revenue income generated. (OD 14/13 26.03.13)
Disabled Facilities Grants	863,000	0	863,000	216,009	120,666	(95,343)	The take up of DFGs has been slower at the start of this financial year compared to other years and the position will be closely monitored to determine whether this will be an ongoing trend.
Housing - Investment in Empty Homes	0	0	0	0	1,000	1,000	Outstanding commitment from previous year schemes.
Families Accommodation Replacement	0	608,600	608,600	481,800	481,794	(6)	Project complete. Opening day held 15/07/13. Final account awaited.
Trinity Church Multi Use Games Area	0	2,100	2,100	0	0	0	Budget provided to allow replacement of existing seat and grass resurfacing.
Art Centre	50,000	0	50,000	0	0	0	Revised scheme being developed which requires Council approval for additional budget and reprofiling between years.
<b>Grand Total</b>	<b>938,000</b>	<b>610,700</b>	<b>1,548,700</b>	<b>704,067</b>	<b>610,459</b>	<b>(93,608)</b>	

LOCAL ENVIRONMENT

Scheme	Annual Budget	Carry Forwards from 2012/13	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Play Areas	0	6,200	6,200	0	0	0	Budget provided for additional furniture/equipment at St James Park and Richmond Green play areas.
Chances Park	0	0	0	0	(1,000)	(1,000)	Retention less than expected.
Kingstown Industrial Estate Roads	0	32,900	32,900	0	0	0	To complete refurbishment of Kingstown Broadway North carriageway to 10 year design life including additional works to a number of access crossings.
Castle Street Public Realm Improvements	0	10,000	10,000	0	(42)	(42)	To complete scheduled works carried over from 2012/13.
Connect 2 Cycleway	0	11,700	11,700	0	0	0	To ensure works required to ensure adoption of the cycleway can be completed.
Clean Up Carlisle	12,000	8,500	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)	330,000	40,000	370,000	0	0	0	Approved by Executive 3/9/12 (RD34/12). Funded by Section 106 monies.
Castle Way Cycle Ramp	0	346,800	346,800	0	0	0	Approved by Executive 11/4/12 (RD01/12). Funded by Section 106 monies.
<b>Grand Total</b>	<b>342,000</b>	<b>456,100</b>	<b>798,100</b>	<b>0</b>	<b>(1,042)</b>	<b>(1,042)</b>	

ECONOMIC DEVELOPMENT

Scheme	Annual Budget	Carry Forwards from 2012/13	Revised Annual Budget	Budget to date	Expenditure to date	Variance to date	Details of major variance
Public Realm Work	100,000		100,000	0	0	0	Budget still to be released by Executive.
Old Town Hall - Strategic TIC	0	298,500	298,500	183,800	183,709	(91)	Revised project approved by Council 13/11/12. There is potential for an overspend of £18,000 on this project due to the funding partner changing their mind about supporting additional work agreed over the original tender amount.
Paternoster Row	100,000	0	100,000	0	0	0	Approved by Executive 17/12/12 (ED37/12).
Harraby School and Community Campus Contribution	600,000	0	600,000	0	0	0	Budget released by Executive 11/13/13 (SD02/13). Contribution to project expected to be made December 2013.
EA Central Plaza	0	0	0	0	402	402	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)
<b>Grand Total</b>	<b>800,000</b>	<b>298,500</b>	<b>1,098,500</b>	<b>183,800</b>	<b>184,111</b>	<b>311</b>	

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 5 AUGUST 2013**

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**EX.90/13      CAPITAL BUDGET OVERVIEW AND MONITORING REPORT – APRIL  
– JUNE 2013**  
(Non Key Decision)

**Portfolio**      Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**      Resources

### **Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.28/13 providing an overview of the budgetary position of the City Council's capital programme for the period April to June 2013. As at the end of June, expenditure of £855,639 had been incurred which, when considered against the profiled budget of £987,868, equated to an underspend of £102,229.

In accordance with the City Council's Financial Procedure Rules, the Director of Resources was required to report to be Executive on the overall budget position, including the monitoring and control of expenditure against budget allocations and the exercise of virement on a regular basis.

The Finance, Governance and Resources Portfolio Holder added that the 2013/14 programme had been kept to a level that took account of the Council's ability to deliver schemes with regard to capacity and available resources. He further drew attention to the level of carry forwards that had been agreed, pointing out that work was ongoing to continue to monitor the profiling of budgets which would be adjusted to reflect progress in current capital schemes. It was likely that there would still be a requirement for some carry forwards at the year end due to further slippage and delays on projects.

The Finance, Governance and Resources Portfolio Holder added that the Senior Management Team would 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 would be managed by a Corporate Programme Board chaired by the Chief Executive. In conclusion, he advised that a review of all capital expenditure incurred was ongoing to ensure that the expenditure had been correctly allocated between revenue and capital schemes. That work would facilitate the year end classification of assets.

**Summary of options rejected**      None

### **DECISION**

That the Executive noted the budgetary position and performance aspects of the capital programme for the period April to June 2013, as set out in Report RD.28/13.

**Reasons for Decision**

To keep Members informed of the budgetary position of the Council's Capital Programme for the period April to June 2013

# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.8**

Meeting Date: 29 August 2013  
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 JUNE 2013  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD29/13

## Purpose / Summary:

This report provides an overview of the General Fund revenue budgetary position for the period April to June 2012 and was considered by the Executive on 5 August 2013.

## Questions for / input required from Scrutiny:

Members are asked to note the variances contained within this report.

## Recommendations:

Members of the Resources Overview and Scrutiny Panel are asked to note the overall budgetary position for the period April to June 2013.

## Tracking

Executive:	<b>5 August 2013</b>
Overview and Scrutiny:	<b>29 August 2013</b>
Council:	<b>n/a</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 5<sup>th</sup> August 2013  
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 JUNE 2013  
Report of: DIRECTOR OF RESOURCES  
Report Number: RD29/13

**Purpose / Summary:** This report provides an overview of the Council's overall budgetary position for the period April to June 2013 for revenue schemes 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 June 2013; and
- (ii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9.

## Tracking

Executive:	5 <sup>th</sup> August 2013
Overview and Scrutiny:	29 <sup>th</sup> August 2013
Council:	Not applicable



## 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. 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 June 2013:

2013/14 Revenue Budget	£
Approved Budget (Council resolution – February 2013)	12,755,000
Carry forward requests (2012/13 out-turn)	677,400
<b>Council Resolution 2013/14</b>	<b>13,432,400</b>
Non-Recurring Expenditure (note 1)	
Transformation Costs (Transformation Reserve)	10,400
<b>Updated Budget 2013/14</b>	<b>13,442,800</b>

Note (1) use of earmarked reserves to fund 2013/14 expenditure

- 2.2 Carry Forward requests relating to 2012/13 totalling £667,400 were approved by Council on 16<sup>th</sup> July 2013.

### 3. 2013/14 BUDGET MONITORING

3.1 The summarised budgetary position as at June 2013 is shown below:

Directorate / Appendix		Annual Net Budget	Net Budget to date	Net Spend to date	Adjusted Variance
		(£)		(£)	(£)
Chief Executive's Team	A1	193,000	47,656	58,931	11,275
Community Engagement	A2	7,545,700	1,445,784	1,466,013	20,229
Economic Development	A3	1,659,800	342,178	417,819	75,641
Governance	A4	1,828,000	522,871	510,123	(12,748)
Local Environment	A5	6,086,900	1,375,912	1,239,101	(136,811)
Resources	A6	(3,870,600)	(735,950)	(912,971)	(177,021)
<b>Total</b>		<b>13,442,800</b>	<b>2,998,451</b>	<b>2,779,016</b>	<b>(219,435)</b>

3.2 Further details for each directorate can be found in **Appendices A1 – A6**. 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 A6** include corporate budgets held centrally.

### 4. KEY ISSUES

4.1 The corporate Salary Turnover Savings target for 2013/14 is £242,500, approximately 2% of the Council's direct staffing costs, and savings from salary budgets across the authority are measured and transferred to it throughout the year. There are a number of vacant posts, a high proportion of which are due to Transformation changes awaiting implementation. With employee related budgets accounting for more than 30% of the Council's gross budgeted expenditure, the management of this resource is a key component of the Budget Monitoring process and a broad summary of the staffing expenditure to date is provided below.

Direct Staffing Expenditure	Annual Net Budget	Budget to date	Spend to date	Variance	STOS to date	Adjusted Variance
Directorate	(£)		(£)	(£)	(£)	(£)
Chief Executive's Team	685,400	171,230	175,360	4,130	(4,200)	(70)
Community Engagement	1,877,600	470,746	467,280	(3,466)	13,900	10,434
Economic Development	1,428,100	354,796	337,139	(17,657)	0	(17,657)
Governance	1,115,600	271,156	261,553	(9,603)	8,800	(803)
Local Environment	4,686,300	1,172,713	1,057,273	(115,440)	114,700	(740)
Resources	2,673,200	648,106	630,348	(17,758)	13,800	(3,958)
<b>Total</b>	<b>12,466,200</b>	<b>3,088,747</b>	<b>2,928,954</b>	<b>(159,793)</b>	<b>147,000</b>	<b>(12,793)</b>

4.2 In Economic Development there is an overspend due to payments totalling £45,000, in respect of legal costs of the Airport application, for which there is insufficient budget. There are also income shortfalls, totalling £31,500 in the Enterprise Centre rental income and Building Control fees that are further discussed in paragraph 6.

4.3 The City's parking operations include providing Carlisle and Eden's On Street Parking and South Lakeland's back office processing contracts on behalf of Cumbria County Council. Dialogue is underway with the County Council to agree a formula so that the City Council is sufficiently recompensed for the cost of running these in this, and future years.

4.4 Income from the City's investments is being severely affected by the average rate of return from short term investments being less than 1% and it is expected that there will be a shortfall in the region of £150,000 at the year end.

## 5. FORECAST OUTTURN POSITION 2013/14

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 will continue to be closely monitored and will be reported more fully in the Quarter 3 report to the end of December 2013. It will be important to maintain a prudent approach so as to ensure a sustainable budget position for future years to avoid any significant variance at the year end.

## 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 2013/14 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	CE	(535,300)	(146,733)	(145,114)	1,619	6.3
Building Control	ED	(331,800)	(98,754)	(77,360)	21,394	6.4
Development Control	ED	(545,800)	(155,295)	(124,379)	30,916	6.5
Enterprise Centre	ED	(140,700)	(35,219)	(25,014)	10,205	6.6
Tourist Information Centres	ED	(141,600)	(31,192)	(22,525)	8,667	6.7
Land Charges	Gov	(165,700)	(41,475)	(38,927)	2,548	6.8
Cemeteries	LE	(272,300)	(64,158)	(56,472)	7,686	6.9
Crematorium	LE	(852,800)	(204,672)	(199,939)	4,733	6.9
Off Street Parking	LE	(1,299,200)	(367,325)	(275,383)	91,942	6.10
On Street Parking	LE	(364,700)	(94,145)	(84,945)	9,200	6.10
Bring Sites	LE	(192,200)	(48,107)	(33,339)	14,768	6.11
Garden Waste	LE	(485,100)	(178,905)	(183,161)	(4,256)	6.11
Bulky Waste/Special Collections	LE	(36,300)	(9,086)	(9,290)	(204)	6.11
Plastics & Card	LE	(241,600)	(60,069)	(46,730)	13,339	6.11
Green Box Collection	LE	(343,300)	(90,081)	(82,293)	7,788	6.11
Industrial Estates	Res	(2,445,600)	(611,873)	(611,873)	(0)	6.12
Lanes	Res	(1,383,300)	(345,825)	(326,586)	19,239	6.13

- 6.3 The income target for **Hostels** is lower than for the previous year and income is falling short of the new target by only 1%.
- 6.4 The reduced 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 offset the anticipated shortfall, currently running at almost 22%.
- 6.5 **Development Control** charges income's decline in recent years, with fewer planning applications received throughout the economic downturn, continues and is just under 20% lower than the target set for the first quarter of the year.

- 6.6 Local small businesses continue to feel the ongoing effects of the recession and this is reflected in the number of empty units at the **Enterprise Centre** and there is a significant drop in income (29% down on the budget to date) from lettings.
- 6.7 It is likely that the 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 the income shortfall was 27.8% up to the end of the first quarter of 2013/14. However, it is expected that the refurbishment and changes made will reverse this position following its re-opening.
- 6.8 The annual budget for income from **Land Charges** has been reduced over the past few years to reflect the continuing impact of the economic climate on the housing market. However, there was a £6,000 surplus at the year end on the budget set for 2012/13 and the target for this year includes an increase of 10% in anticipation of a recovery in this sector. Unfortunately, there has been a lower level of activity than expected during the first three months of the year resulting in a 6% income shortfall.
- 6.9 There was a small surplus of 1.5% on **Bereavement Services** income at the end of last year and the budget uplift for 2013/14 was set at a lower rate than this level. However, the income fell short of the revised target for the first three months by 5%.
- 6.10 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. However, the combined impact of the recession and the weather on both the high street and visitor numbers makes it difficult to quantify any benefit that may have been realised from the changes. In addition the parking income budget is increased for this year by £45,300 and there is a deficit against the new level of 25% up to the end of June 2013.
- 6.11 The total income from the various **Waste and Recycling Collection Services** is lower than the expected levels, with income from the Bring Sites, down by more than 30% against the first quarter's target, being the area of most concern. The recent review of the Bring Site service determined that there was an over provision and that only those sites providing best value to the public will be retained.
- 6.12 Adjustments for rent recovered from **Industrial Estates** now sold helped in 2012/13 to offset the full effects of the downturn in the property market. However, until new sites have been identified for purchase and marketed, there is likely to be a shortfall against expected rent levels from corporate properties in this coming year.

- 6.13 Income from the **Lanes** continues to be affected by the economic recession and the number of empty units, and is down approximately 6% against the target for the first three months.

## 7. S.106 COMMUTED SUMS

- 7.1 As at 30<sup>th</sup> June 2013 balances totalling £1,436,387 are held in respect of Section 106 agreements and other commuted sums, with a further £4,981,821 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 £856,253 of the sums held, in respect of projects for which Cumbria County Council is responsible, including the Public Realm and Caldew Cycleway. 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 2013/2014	Opening Balance & Receipts	Spend	Retained Balance 30/06/13	Expected Sums
	(£)	(£)	(£)	(£)
Affordable Housing Contributions	15,000	0	15,000	254,373
Cycleway & Public Realm	732,841	0	732,841	0
Education	0	0	0	3,500,000
Play Areas & Facilities	238,005	0	238,005	94,500
Public Open Spaces Provision/Maintenance	327,129	0	327,129	396,572
Sports Provision/Maintenance	0	0	0	48,584
Transport & Pedestrianisation	123,412	0	123,412	687,792
<b>Total</b>	<b>1,436,387</b>	<b>0</b>	<b>1,436,387</b>	<b>4,981,821</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 31/03/2013	Balance at 30/06/2013	Note
Investments	£18.7m	£23.2m	(i)
Loans	£15.0m	£15.0m	(ii)
Debtors	£1.07m	£1.64m	(iii)
Creditors	£0.06m	£0.27m	

- (i) The anticipated return on these investments is estimated at £473,100 for 2013/14 with current projections anticipated to be significantly below this target.
- (ii) The cost of managing this debt, in terms of interest payable, is budgeted at £1,319,000 in 2013/14 with costs currently on target. There are no proposals for further borrowing during 2013/14, although the position will need to be kept under review.
- (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 outstanding claims with Cumbria County Council for Civic Centre accommodation and associated charges.
- (iv) Use of Reserves: The usage and level of all Council reserves are set out in the Medium Term Financial Plan (RD29/12), approved by Council in September 2012. It is anticipated that £0.4m will be required from the Council's Revenue Reserves to fund expenditure in 2013/14, including £667,400 of 2012/13 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 2013/14 and the savings strategy approved in February 2013 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 30<sup>th</sup> June 2013 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 £39,990.92 have been written off during Quarter 1 to the end of June 2013. A summary of the

bad debts is given in Table 1, **Appendix B** of this report and these costs will fall against the following:

	£
General Fund	18,633.16
Council Tax (Collection Fund)	21,357.76
Total Write-offs	39,990.92

- 9.2 The “write-ons” itemised in Table 2, Appendix B, totalling £4,960.28, are in respect of balances originally written off that have since been paid, credit write-offs for the Quarter 1 to the end of June 2013. The write-ons will be credited as follows:

	£
General Fund	4.01
Council Tax (Collection Fund)	4,956.27
Total Write-offs	4,960.28

- 9.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts (except for PCNs which are accounted for on a cash basis). 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. However, this situation is continuously under review and any major deviations and the write-on and write-off trends compared to previous years will be reported in the next quarter's report.

## 10. CONSULTATION

### 10.1 Consultation to date.

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

### 10.2 Consultation Proposed

Resources Overview and Scrutiny Panel will consider the report on 25<sup>th</sup> August 2013.



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

11.1 The Executive is asked to:

- (i) Note the budgetary performance position of the Council to June 2013; and
- (ii) Note the action by the Director of Resources to write-off bad debts as detailed in paragraph 9.

## **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 for the first quarter of 2013/14 shows the delivery of these priorities within budget.

**Contact Officer: Maureen McCartney**

**Ext: 7291**

**Appendices A1 to A6 and B.**  
**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**

**Community Engagement – N/A**

**Economic Development – N/A**

**Governance –** The Council has a fiduciary duty to manage its finances properly and the proper reporting of the 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 2013/14

CHIEF EXECUTIVE'S TEAM	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	1,508,800	(23,300)	(1,292,500)	<b>193,000</b>
Budget to date	380,111	(8,940)	(323,515)	<b>47,656</b>
Total Actual	393,260	(13,793)	(320,535)	<b>58,931</b>
<b>Adjusted Variance</b>	<b>13,149</b>	<b>(4,853)</b>	<b>2,980</b>	<b>11,275</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Policy and Communications	1	16,633	0	541	17,174
Miscellaneous	2	(3,484)	(4,853)	2,439	(5,899)
<b>Total Variance to date</b>		<b>13,149</b>	<b>(4,853)</b>	<b>2,980</b>	<b>11,275</b>

Note	Chief Executive's Team - Comments
1.	Shortfall against savings target
2.	Various net minor underspends across the service.

Chief Exec

## REVENUE BUDGET MONITORING 2013/14

COMMUNITY ENGAGEMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	13,259,000	(4,391,600)	(1,321,700)	<b>7,545,700</b>
Budget to date	3,467,542	(1,690,933)	(330,825)	1,445,784
Total Actual	3,586,949	(1,790,518)	(330,418)	1,466,013
<b>Adjusted Variance</b>	<b>119,407</b>	<b>(99,585)</b>	<b>407</b>	<b>20,229</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Hostels & Homeshares	1	40,327	1,712	0	<b>42,039</b>
Miscellaneous	2	79,080	(101,297)	407	<b>(21,810)</b>
<b>Total Variance to date</b>		<b>119,407</b>	<b>(99,585)</b>	<b>407</b>	<b>20,229</b>

Note	Community Engagement - Comments
1.	Overspends include staffing structure changes not yet implemented
2.	Net underspend relates to miscellaneous variances and grant income to be allocated across services.

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## REVENUE BUDGET MONITORING 2013/14

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	3,455,400	(1,184,400)	(611,200)	<b>1,659,800</b>
Budget to date	821,684	(326,522)	(152,984)	<b>342,178</b>
Total Actual	833,437	(262,819)	(152,800)	<b>417,819</b>
<b>Adjusted Variance</b>	<b>11,753</b>	<b>63,703</b>	<b>184</b>	<b>75,641</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Development Control	1	25,604	31,330	0	<b>56,934</b>
Miscellaneous	2	(13,850)	32,374	184	<b>18,707</b>
<b>Total Variance to date</b>		<b>11,753</b>	<b>63,703</b>	<b>184</b>	<b>75,641</b>

Note	Economic Development - Comments
1.	Overspend, partly offset by savings on staff and advertising costs, includes £45,100 Airport application legal expenses, and income shortfall from fees.
2.	Net variance includes income shortfall against budgets to date.

## REVENUE BUDGET MONITORING 2013/14

GOVERNANCE	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	3,093,400	(439,100)	(826,300)	<b>1,828,000</b>
Budget to date	829,924	(100,230)	(206,823)	<b>522,871</b>
Total Actual	876,451	(159,755)	(206,573)	<b>510,123</b>
<b>Adjusted Variance</b>	<b>46,527</b>	<b>(59,525)</b>	<b>250</b>	<b>(12,748)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Miscellaneous	1	46,527	(59,525)	250	<b>(12,748)</b>
<b>Total Variance to date</b>		<b>46,527</b>	<b>(59,525)</b>	<b>250</b>	<b>(12,748)</b>

Note	Governance - Comments
1.	Overspent expenses offset by surplus income across the services

## REVENUE BUDGET MONITORING 2013/14

LOCAL ENVIRONMENT	Gross Expenditure	Gross Income	Recharges	Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	14,758,700	(6,091,700)	(2,580,100)	<b>6,086,900</b>
Budget to date	3,672,915	(1,649,248)	(647,755)	<b>1,375,912</b>
Total Actual	3,398,341	(1,512,263)	(646,976)	<b>1,239,101</b>
<b>Adjusted Variance</b>	<b>(274,574)</b>	<b>136,985</b>	<b>779</b>	<b>(136,811)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Off Street Parking	1	(30,281)	91,522	92	<b>61,333</b>
On Street Parking	2	(31,072)	9,200	0	<b>(21,872)</b>
South Lakeland Parking	3	59	(30,190)	0	<b>(30,131)</b>
City Lighting	4	(21,154)	0	0	<b>(21,154)</b>
Recycling & Waste Collection	5	(59,732)	8,463	0	<b>(51,269)</b>
Street Cleaning	6	(14,234)	(782)	0	<b>(15,016)</b>
Miscellaneous	7	(118,160)	58,772	687	<b>(58,701)</b>
<b>Total Variance to date</b>		<b>(274,574)</b>	<b>136,985</b>	<b>779</b>	<b>(136,811)</b>

## REVENUE BUDGET MONITORING 2013/14

Note	Local Environment - Comments
	<ol style="list-style-type: none"> <li>1. Windfall from Lower Viaduct sewerage charge rebate (£39,450) backdated to 2008; and underspend on staffing (£26,800) taken into Salary Turnover Savings offset by income shortfall from ticket sales and PCNs.</li> <li>2. Net underspend after savings in administration costs and income shortfall from PCNs etc.</li> <li>3. Underspend on back office support contract, includes PCN income to be paid over to CCC net of management fee.</li> <li>4. Savings on lighting maintenance and energy costs</li> <li>5. Efficiency savings on tipping charges (£27,300), transport hire and repairs (£23,900), and materials (£9,600).</li> <li>6. Underspends on transport and cost of materials</li> <li>7. Various minor underspends more than offset income shortfalls across the services.</li> </ol>

## REVENUE BUDGET MONITORING 2013/14

RESOURCES	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30th June 2013	£	£	£	£
Annual Budget	37,604,800	(34,668,200)	(6,807,200)	<b>(3,870,600)</b>
Budget to date	10,571,570	(9,270,610)	(2,036,910)	<b>(735,950)</b>
Total Actual	10,355,240	(9,250,941)	(2,017,270)	<b>(912,971)</b>
<b>Adjusted Variance</b>	<b>(216,330)</b>	<b>19,669</b>	<b>19,640</b>	<b>(177,021)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury & Debt Management	1	(3,423)	67,777	0	<b>64,354</b>
Non Distributed Costs	2	(44,362)	0	0	<b>(44,362)</b>
Other Financial Costs	3	(144,902)	(52,882)	0	<b>(197,784)</b>
Property Services	4	22,562	927	139	<b>23,628</b>
The Lanes	5	207	19,239	0	<b>19,446</b>
Miscellaneous	6	(46,413)	(15,392)	19,501	<b>(42,303)</b>
<b>Total Variance to date</b>		<b>(216,330)</b>	<b>19,669</b>	<b>19,640</b>	<b>(177,021)</b>

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Note	Resources - Comments
	<ol style="list-style-type: none"> <li>1. Continued decline in average interest rates is having a negative impact on investment income target</li> <li>2. Includes savings on shared service pension costs</li> <li>3. Improvements in savings for RSG Settlement shortfall (£44,300), Salary Turnover (£80,200) and Living Wage costs (£19,700); and surplus income includes (£24,800) New Homes Bonus, (£19,800) Transition Grant for Rural LA's and (£8,500) New Burdens Grant.</li> <li>4. Liability for NNDR charges whilst awaiting land sale of ex Bailing Depot at Willowholme</li> <li>5. Shortfall on guaranteed rent income due to continuing effects of the recession</li> <li>6. Various minor underspends and surplus income, partly offset by recharged expenses shortfall.</li> </ol>

TABLE 1		Write-Offs June 2013	
Type of Debt	No.	£	
NNDR			
Council Tax Debtors:	60		21,357.76
Private Tenants	21		2,040.90
Housing Benefit Overpayments			
General Fund	20		1,613.31
Penalty Charge Notices:			
On Street	148		13,360.95
Off Street	19		1,618.00
Ex FTA Benefit			
TOTAL	268		39,990.92

TABLE 2		Write-Ons June 2013	
Type of Debt		£	
NNDR			
Council Tax Debtors:	31		4,956.27
Private Tenants			
Housing Benefit Overpayments			
General Fund	10		4.01
Ex FTA Benefit			
TOTAL			4,960.28

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 5 AUGUST 2013**

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**EX.91/13      REVENUE BUDGET OVERVIEW AND MONITORING REPORT – APRIL  
TO JUNE 2013**  
(Non Key Decision)

**Portfolio**      Finance, Governance and Resources

**Relevant Overview and Scrutiny Panel**      Resources  
**Subject Matter**

The Finance, Governance and Resources Portfolio Holder presented report RD.29/13 providing an overview of the Council's overall budgetary position for the period April to June 2013 for revenue schemes only.

He summarised the budgetary position as at June 2013 which showed an underspend totalling £219,435; and highlighted the key issues, including performance against the corporate Salary Turnover Savings target; an overspend in Economic Development; parking operations; and income from the City's investments. Members' attention was also drawn to the main variances in the Revenue Budgets of the various Directorates.

The Finance, Governance and Resources Portfolio Holder added that the Council's financial position was affected by a number of external factors which would have a financial impact during the course of the year and ultimately at the year-end, including the general effect of the economic climate on the Council's income streams; fuel prices, energy costs and other inflationary issues; and the effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control. He added that the Council's financial position would continue to be closely monitored and would be reported more fully in the next quarterly report. It was important to maintain a prudent approach so as to ensure a sustainable budget position for future years and to avoid any significant variance at the year end.

Members' attention was further drawn to a number of high risk budgets which had been identified as requiring detailed monitoring throughout the year; Section 106 commuted sums currently held by the Council; together with details of the Council's Direction of Travel and action taken by the Director of Resources in writing off bad debts.

The Finance, Governance and Resources Portfolio Holder paid tribute to the Director of Resources and his staff for the very prudent approach adopted, which would ensure a sustainable budget position for future years and avoid significant variance at the year end.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved the recommendations set out in the report.

**Summary of options rejected**    None

## **DECISION**

That the Executive:

1. noted the budgetary and performance position of the Council to June 2013; and
2. noted the action by the Director of Resources to write off bad debts as detailed in paragraph 9 of Report RD.29/13.

## **Reasons for Decision**

To show that the Executive had been informed of the Council's actual financial position compared with the budgeted position and to bring to their attention any areas of concern

# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.9**

Meeting Date: 29 August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework: Yes  
Public / Private: Yes

Title: Quarter One Performance Report 2013/14  
Report of: Policy and Communications Manager  
Report Number: PC 15/13

## Purpose / Summary:

This Performance Report updates the Panel on the Council's service standards that help measure performance and customer satisfaction. It also includes updates on key actions contained within the Carlisle Plan.

Details of each service standard are in the table at Appendix 1. The table illustrates the cumulative year to date figure, a month-by-month breakdown of performance and, where possible, an actual service standard baseline that has been established either locally or nationally. The updates against the actions in the Carlisle Plan follow on from the service standard information in Appendix 2.

## Recommendations:

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

## Tracking

Executive:	30 September 2013
Overview and Scrutiny:	Community – 22 August 2013 Resources – 29 August 2013 Environment and Economy – 12 September 2013

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

## **1. BACKGROUND**

Service standards were introduced at the beginning of 2012/13. They provide a standard in service that our customers can expect from the City Council and a standard by which we can be held to account. The measures of the standard of services are based on timeliness, accuracy and quality of the service we provide in areas that have a high impact on our customers.

A new service standard will be introduced from the autumn – Customer Satisfaction with Environmental Services. This will be measured from customer feedback from the website and through the Carlisle Focus magazine reader's survey.

Regarding the information on the Carlisle Plan, the intention is to give the Panel a brief overview of the current position without duplicating the more detailed reporting that take place within the Overview and Scrutiny agendas and Portfolio Holder reports.

## **2. CONSULTATION**

The report was reviewed by the Senior Management Team at their meeting on 6 August 2013 and is being considered by the Overview and Scrutiny Panels on the following dates:

Community Overview and Scrutiny Panel	22 August 2013
Resources Overview and Scrutiny Panel	29 August 2013
Economy and Environment Overview and Scrutiny Panel	12 September 2013

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

The Panel are asked to comment on the 1<sup>st</sup> Quarter Performance Report prior to it being presented to Executive.

**Contact Officer:** Steven O'Keeffe / Gary Oliver      **Ext:** 7258  
**Appendices**      **Appendix 1 – 2013/14 Quarter 1 Service Standards**  
**attached to report:**      **Appendix 2 – Carlisle Plan Update**

**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:**

**CORPORATE IMPLICATIONS/RISKS**

**Chief Executive's** – Responsible for monitoring and reporting on service standards, customer satisfaction and progress in delivering the Carlisle Plan whilst looking at new ways of gathering and reviewing customer information.

**Community Engagement** – Responsible for managing high level projects and team level service standards on a day-to-day basis.

**Economic Development** – Responsible for managing high level projects and team level service standards on a day-to-day basis.

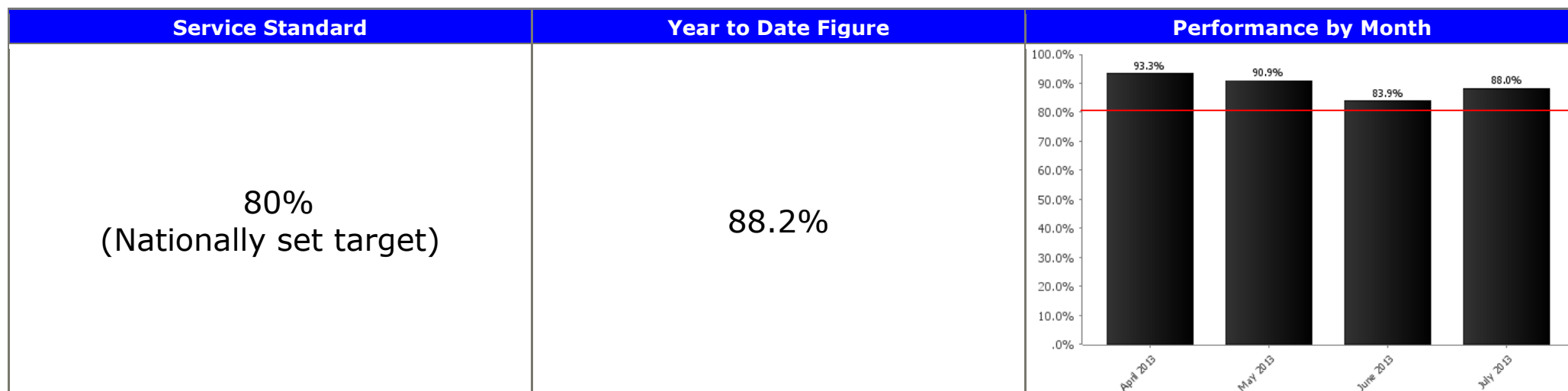
**Governance** – Responsible for corporate governance and managing team level service standards on a day-to-day basis.

**Local Environment** – Responsible for managing high level projects and team level service standards on a day-to-day basis.

**Resources** – Responsible for managing high level projects team level service standards on a day-to-day basis.

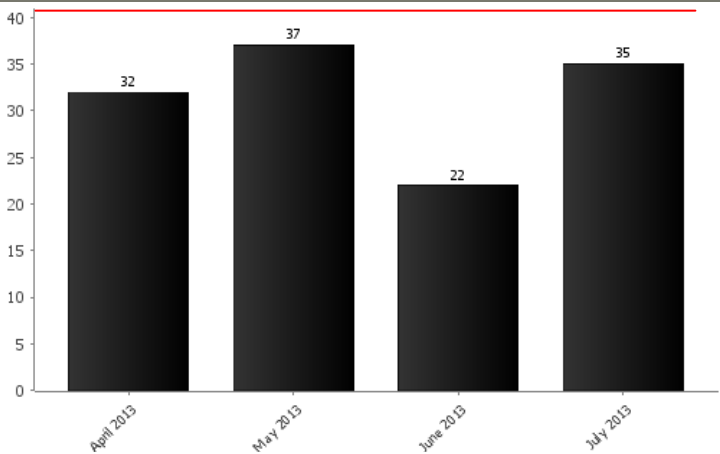
## APPENDIX 1: 2013/14 QUARTER 1 SERVICE STANDARDS

**Service Standard: Percentage of Household Planning Applications processed within eight weeks**



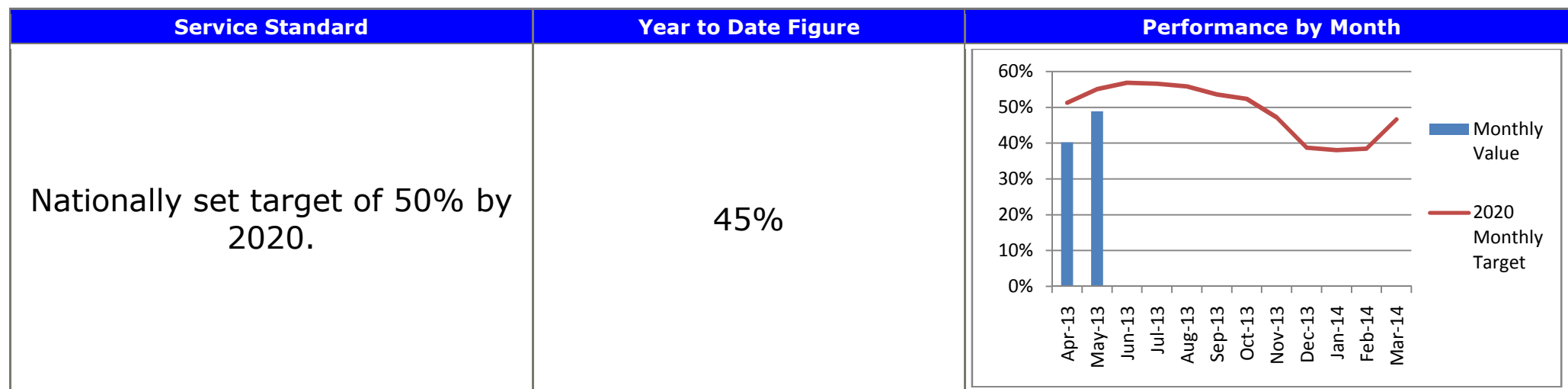


## Service Standard: Number of missed waste or recycling collections

Service Standard	Year to Date Figure	Performance by Month										
40 missed collections per 100,000 (Industry Standard)	31.5 missed per 100,000 (mean average)	 <table><thead><tr><th>Month</th><th>Missed Collections per 100,000</th></tr></thead><tbody><tr><td>April 2013</td><td>32</td></tr><tr><td>May 2013</td><td>37</td></tr><tr><td>June 2013</td><td>22</td></tr><tr><td>July 2013</td><td>35</td></tr></tbody></table>	Month	Missed Collections per 100,000	April 2013	32	May 2013	37	June 2013	22	July 2013	35
Month	Missed Collections per 100,000											
April 2013	32											
May 2013	37											
June 2013	22											
July 2013	35											

This service standard was previously measured as a percentage of all collections made whereas the industry standard is measured per 100,000 collections. To allow an easier comparison to be made with the industry standard and for benchmarking purposes the standard from now on will therefore be measured in the same format as the target.

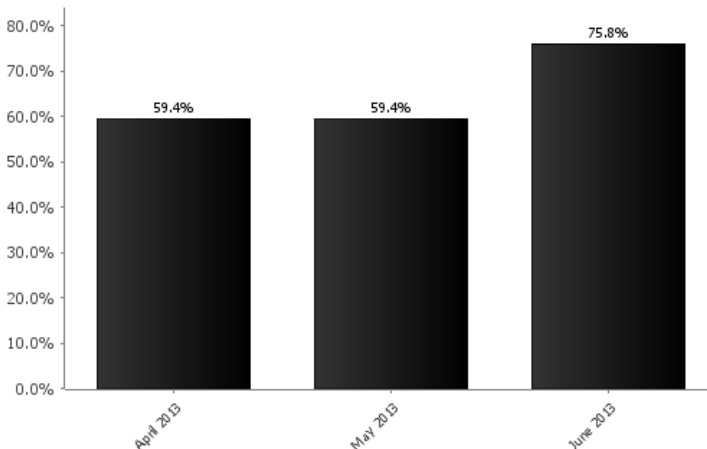
## Service Standard: Percentage of household waste sent for recycling



The graph above shows what the monthly target would be in order to achieve the 2020 target of 50%. The monthly target changes to reflect seasonal variations of recycling rates; particularly garden waste tonnages. Work will be done to calculate the annual targets over the next six years in order to achieve a 50% recycling rate by 2020.

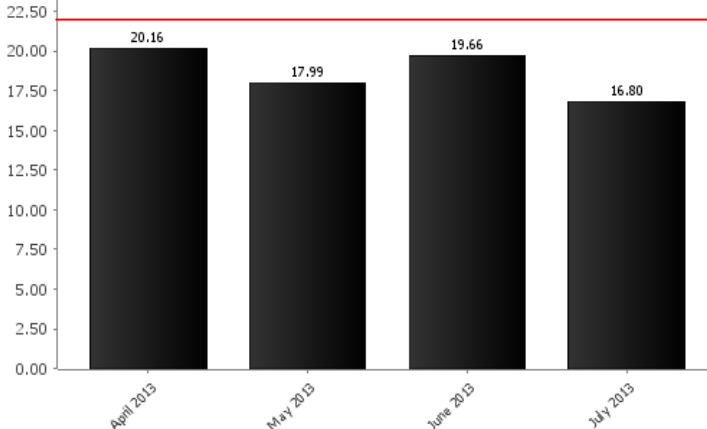
In reference to the 2013/14 performance, the total dry recycling and composting figure for April are of concern. A meeting has been arranged with the green box contractor to discuss why tonnages have decreased over the past few months. However, one of the main contributory factors for the low April figure is because the low temperatures affected the garden waste tonnages. This figure increased in May with the rise in temperature and onset of spring.

## Service Standard: Overall web user satisfaction

Service Standard	Year to Date Figure	Performance by Month								
There is currently no national standard for website satisfaction.	64.8%	 <table><caption>Performance by Month Data</caption><thead><tr><th>Month</th><th>Performance (%)</th></tr></thead><tbody><tr><td>April 2013</td><td>59.4%</td></tr><tr><td>May 2013</td><td>59.4%</td></tr><tr><td>June 2013</td><td>75.8%</td></tr></tbody></table>	Month	Performance (%)	April 2013	59.4%	May 2013	59.4%	June 2013	75.8%
Month	Performance (%)									
April 2013	59.4%									
May 2013	59.4%									
June 2013	75.8%									

For reference, the end of year figure for 2012/13 was 69.9%. This standard is currently measured using Govmetric's online web satisfaction software. From August this standard will be redefined as overall satisfaction with Council services. It will be measured using a combination of a survey on the most visited City Council web pages and the reader's survey in Carlisle Focus resident's magazine. In future, satisfaction with the Council's website will be measured internally by Digital and Information Services.

## Service Standard: Average number of days to process new benefits claims

Service Standard	Year to Date Figure (Average)	Performance by Month										
All new claims should be processed within 22 days	18.65 days	 <table><thead><tr><th>Month</th><th>Average Days</th></tr></thead><tbody><tr><td>April 2013</td><td>20.16</td></tr><tr><td>May 2013</td><td>17.99</td></tr><tr><td>June 2013</td><td>19.66</td></tr><tr><td>July 2013</td><td>16.80</td></tr></tbody></table>	Month	Average Days	April 2013	20.16	May 2013	17.99	June 2013	19.66	July 2013	16.80
Month	Average Days											
April 2013	20.16											
May 2013	17.99											
June 2013	19.66											
July 2013	16.80											

This standard was previously measured in 2012/13 as the proportion of new claims that were processed within 28 days. This was a specific measure defined locally and consequently did not enable us to easily benchmark with other authorities. As a result we have now adopted the industry standard way of measuring the performance of this service. The Department for Work and Pensions (DWP) ranks authorities into quartiles and Carlisle's target is to not fall lower than the 2<sup>nd</sup> quartile.

Below shows the quartile ranges based on 2012/13 data. Carlisle's performance from April to July of 18.65 days would put us in the 2<sup>nd</sup> quartile.

DWP official figures for 2012/3:

- 6–18 days – Top Quartile
- 18-22 days – 2<sup>nd</sup> Quartile
- 22-28 days – 3<sup>rd</sup> Quartile
- >28 days – Bottom Quartile

## **Appendix 2: Carlisle Plan Update**

### **PRIORITY – We will support the growth of more high quality and sustainable business and employment opportunities**

The Council's Key Decisions will support business growth, with its services being viewed as 'business friendly' through working more closely with them to meet business' needs.

With this in mind, a Sense of Place, re-named the Carlisle Story, was launched at an event attended by more than a hundred businesses and organisations on 11 July. The Carlisle Story is designed to better promote the city in order to increase visitor numbers, encourage investment and attract people to live in the city.

The public consultation on developing the Local Plan began on 29 July and will run until 16 September. The Local Plan includes an Employment Land Review to identify strategic employment sites.

It also expresses the Council's desire to see between 550 and 650 homes built in and around the city every year between 2015 and 2030 in order to help ensure the economic growth of the city.

The M6 Corridor Protocol has been agreed and signed between Carlisle City, Eden and South Lakeland District Councils. This initiative seeks to capitalise on the strategic advantages of the M6 as a basis for targeting business investment around identified employment sites and support growth in key centres of Carlisle, Penrith and Kendal.

The Local Enterprise Partnership (LEP) has undertaken to establish a reference group to help develop a plan of action for the M6. It is envisaged that the M6 corridor initiative will address a range of issues that are identified within the draft LEP business plan, including broadband, skills and infrastructure provision.

An Economic Development Liaison Panel has been established with four meetings having already taken place with businesses / developers to date. A further meeting is scheduled before the end of August.

**PRIORITY - We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle**

This priority supports tourism, the arts and creative industries. It is recognised that arts and leisure are important in making Carlisle a great place to work, live and visit.

Developing public realm improvements is a key piece of work under this priority. This involves the City and County Councils working together. Currently light business cases are being prepared for the various individual projects.

Phase 1 of the work at the Old Town Hall was completed at the end of June 2013. This included essential repairs to the fabric of the building. Plans for phase 2 are still being developed for implementation in 2014/15. This work will focus on the interior of the building and provide a more modern and enhanced tourist information facility.

The Carlisle Plan provides a pledge for development of an arts centre. The Executive approved funding on 5 August for the Warwick Street Fire Station to be the preferred option for the centre. A draft project plan was presented to the Corporate Programme Board on 11 July showing estimated completion of the Arts Centre by 31 October 2014.

The first Carlisle Tourism Conference was held at the end of April with over 100 delegates in attendance. The Carlisle Tourism Partnership is reviewing the outcomes of workshops held at the conference to agree actions for the next twelve months.

Other activity regarding this priority includes the completion of the Sport and Physical Activity Strategy. The vision of this strategy is for Carlisle to become more active, healthy and successful by creating opportunities and overcoming barriers to take part in sport and physical activity. Tenders are also currently out to build the cycleway ramp at Willowholme. The anticipated start date on this project is September 2013.

## **PRIORITY - We will work more effectively with partners to achieve the City Council's priorities**

The City Council wants to establish Carlisle as a nationally recognised sub-regional capital by becoming an effective partner in the key areas of housing and economic growth.

The new Women and Families Accommodation building was opened on Water Street on 15 July. The facility replaces the hostel on London Road which has been in operation since 1975.

Homelife Carlisle, a home improvement agency hosted by the City Council has helped 25 people with affordable warmth and income maximisation measures through the Warm Homes service. It was also successful in gaining funding from the Electricity Safety Council for three thousand Pounds.

The function and membership of the Carlisle Partnership is currently being revised. As part of this revision the Healthy City Steering Group now carries out a strategic health function. The group now act as the principal district link to the County Health and Wellbeing Board.

The City Council has received external funding from the Cumbria Police Commissioner to support programmes associated with tackling antisocial behaviour and strengthening community resilience. This links in with the work being carried out by the Carlisle and Eden Community Safety Partnership.

Work with the Local Enterprise Partnership and representation on the Children's Trust Direct Delivery Group are also issues currently under consideration.

**PRIORITY - We will work with partners to develop a skilled and prosperous workforce, fit for the future**

The City Council continues to work closely in partnership both locally and regionally.

The Carlisle Economic Partnership (CEP) has developed an action plan of key priorities following the recent Economic Review of Carlisle. Priority 2 sets out some key actions to address skills gaps by identifying skills needs for growth and encouraging provision which meets those needs. This will be delivered through engagement with partners on the LEP, CEP and working with the Employment and Skills Commission.

The City Council has been working closely with the University of Cumbria to establish a Business Interaction Centre at Paternoster Row. Works are due to be completed by the end of August 2013.

The Carlisle Growth Hub has been established to deliver a package of co-ordinated business support through the Chamber of Commerce. This was delivered through the CEP as key priority 1, action 1 for business. There are additional actions within this priority which will continue to engage partners in exploring options for funding or opportunities to support business growth.



## **PRIORITY - Together we will make Carlisle clean and tidy**

The City Council recognises the shared responsibility between it and the community and is committed to a pro-active approach to making Carlisle a place that its residents can be proud of.

As part of the Clean Up Carlisle campaign new litter bins incorporating an ashtray have been installed, a programme of roadside channel clearance using new deep clean machinery has been launched, a programme of school visits has been established and four prosecutions for dog-fouling offences have successfully been made.

The Traffic Order relating to the Public Realm improvements in the Historic Quarter is still to be completed and implemented. Formal objections will be considered by the Highways and Transport Working Group on 23 September 2013.

The project design regarding the Public Realm work in Caldewgate is to be progressed following the outcomes of other public realm work and 'Carlisle Story' activity. The designs for the Public Realm work will be styled in keeping with the 'Carlisle Story'.

## **PRIORITY - We will address Carlisle's current and future housing needs**

The City Council recognises the need to provide several hundred homes per year to support economic growth. It is committed to planning for this future housing need by working with key partners to ensure that these plans deliver high quality homes that are affordable, energy efficient and sustainable.

The Council's Housing Strategy is key to this priority. The Strategy sets out the key challenges Carlisle faces in delivering its housing priorities, and the actions we will take to meet and overcome these challenges.

As part of delivering the Affordable Housing Programme, there has been progress at both the Harraby and Raffles project sites. Planning permission has been received for the houses on Arnside Road, while Riverside has received Board approval to move forward with properties on Dalton Avenue. The Executive has also approved the release of a site at Thomlinson Avenue.

The demand for the Empty Homes Project has been very positive with plans for upgrade work being developed for 38 properties.

The gypsy and traveller transit site has been delayed due to initial failure by the contractor to meet some of their obligations. Meetings have since taken place with the contractor and an action plan has been prepared to recover the project. A review meeting is scheduled for late August 2013 to review progress against this plan.

# Resources Overview and Scrutiny Panel

Agenda  
Item:

**A.10**

Meeting Date: 29th August 2013  
Portfolio: Finance, Governance and Resources  
Key Decision:  
Within Policy and Budget Framework  
Public / Private Public  
  
Title: CORPORATE PROGRAMME BOARD  
Report of: Chief Executive  
Report Number: CE 09/13

## Purpose / Summary:

The Corporate Programme Board ensures that there are effective governance arrangements on the projects that the Council undertakes.  
This report provides the most recent update of projects currently being undertaken.

## Recommendations:

The Panel is asked to

- i) Note the most recent summary of projects, as contained within Appendix A and the actions being taken to progress projects with issues.

## Tracking

Executive:	
Overview and Scrutiny:	
Council:	

## **1. BACKGROUND**

- 1.1** The Corporate Programme Board has an advisory and high-level monitoring role in relation to the projects delivered by Carlisle City Council.  
As required by ROSP, a progress update on projects will be provided from the Corporate Programme Board.

## **2. PROPOSALS**

### **2.1 Projects dossier / status**

A summary of the dossier of projects is detailed in Appendix A.

This dossier contains a summary of current project status. The majority of Council projects are progressing to schedule. Those that have issues are shown with a rating of amber for some issues and red for major issues. A summary of action that is being taken is provided.

The key activities in the last quarter are:

1. New Women's and Families Accommodation at Water Street was officially opened by the Mayor on 15<sup>th</sup> July.
2. Old Town Hall phase 1 project is complete.
3. Local Plan consultation has now started.
4. Sense of Place work is complete with the launch of the Carlisle Story.
5. Near completion of transformation projects for 2013/14.
6. Executive approval for funding of the Arts Centre development at Warwick Street Fire Station.
7. Civic Centre Foyer Redesign is nearly complete.

## **3. CONSULTATION**

- 3.1** Corporate Programme Board meeting 11<sup>th</sup> July 2013.

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

##### **4.1** The Panel is asked to

- (i) Note the most recent summary of projects, as contained within Appendix A and the actions being taken to progress projects with issues.

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

##### **5.1** The Corporate Programme Board works to ensure quality assurance, alignment to key objectives and sound risk management in the delivery of the Carlisle Plan.

**Contact Officer: Sarah Mason**

**Ext: 7053**

**Appendices Appendix A Dossier of Projects July 2013  
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**

# Dossier of Projects - Status - July / August 2013

# Appendix A

Project / Initiative name		Project description	Directorate	Recent project activity	Status
				<b>Key to Status</b> <b>Red</b> Overdue; Significant issues <b>Amber</b> Some issues <b>Green</b> On schedule; In progress	
1	<b>Local Plan</b>	<p>The new Local Plan is being produced in accordance with guidance introduced in the National Planning Policy Framework in 2012. It replaces the portfolio of documents that were to be produced under the Local Development Framework system with one, single development plan document containing strategic policies, general development management policies, site allocations and the proposals map.</p> <p>To include Employment Land Review to identify and agree strategic employment sites. To ensure that sufficient land is identified to provide for the housing needs of the area.</p> <p>To develop a revised City Centre Masterplan which will form part of the Local Plan. Identifying opportunities for the development of sites for office, leisure and retail accommodation</p>	Economic Development	<p>Full council approved public consultation on the Local Plan on 16th July. Public consultation 29 July - 16 September and implementation of the Consultation Strategy.</p> <p>Ongoing work under the 'Duty to Co-operate' and on the Infrastructure Delivery Plan.</p> <p>Working in collaboration with the Communications Team: Equality Impact Assessment; Health Impact Assessment, the on-line consultation option, identifying further consultation opportunities etc.</p>	Green
2	<b>Promoting Carlisle</b>	Includes projects Discover Carlisle / Sense of Place / Carlisle Prospectus	Economic Development	Sense of Place launch 11th July. Old Town Hall phase 2, Public realm and Foyer projects will use Sense of Place implementation (Carlisle story).	Green
3	<b>Public realm improvements</b>	Develop and deliver a programme of public realm improvements in key areas of the City: 3 main work packages - Signage and interpretation, Botchergate and Rickergate	Economic Development	Will involve City and County Councils working in partnership. A working group has been established which will meet every 2 months. This group contains County Council and cross directorate City Council representatives. Light business cases to be prepared for the various individual projects.	Green
4	<b>Old Town Hall Phase 1</b>	This project will help secure the fabric of the building in the short to medium term, and enhanced repairs and work to the interior parts of the building. The total cost of the project is £490,200, consisting of City Council and LABGI funding and grant from English Heritage. Project completion to be by 14th June 2013.	Economic Development	Project handover achieved 28th June. TIC now relocated and reopened from the OTH. Notified reduction in grant offer by English Heritage which will no longer take account of adjustments between budget and tender costs and additional conservation works identified following opening up of the building. Potential overspend therefore for £17,849. Negotiations are taking place with English Heritage about the level of grant funding.	Amber
5	<b>Modern TIC (OTH repairs Phase 2)</b>	Develop options to refurbish and modernise the Tourist Information Centre	Economic Development	Inception meeting 11th July. Draft business case and PID prepared. Reprofiling expenditure.	Green
6	<b>Economic Development Transformation 2013/14</b>	Restructure Grant reductions O/T reduction	Economic Development	Currently in the process of recruiting the final 2 posts.	Green
7	<b>Economic Development Transformation 2014/5</b>	<p>Parish Council and Village Hall grant reduction</p> <p>Access Officer Review</p> <p>Tourism Review</p> <p>Business and Employment Support and redevelopment</p> <p>TIC reduction in stock</p>	Economic Development	Transformational savings have been identified and plans are being developed to deliver them.	Green

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Project / Initiative name		Project description	Directorate	Recent project activity	Status
8	<b>Replacement Women's and Families Accommodation</b>	To develop a new provision for homeless families and women to improve the quality of service, address equality and accessibility issues and comply with government legislation.	Community Engagement	The project is complete and the building was officially opened by the Mayor on 15th July.	
9	<b>Arts Centre</b>	Work with partners to select a suitable site or property. Develop governance, operational and business plans. Continue to support the development of the Arts Centre through a 3 year programme of development works.	Community Engagement	A draft project plan and PID were presented to Corporate Programme Board 11th July . On 5th August the Executive approved funding for Warwick Street Fire Station to be developed. Full Council on 10th September to release the capital required to fund the development. Estimated completion of the Arts Centre is late 2014/15 with Arts promotion commencing Summer 2013.	
10	<b>Housing Strategy - Delivery of the Affordable Housing Programme including DALTON AVENUE</b>	The Affordable Homes Programme should deliver at least 109 affordable homes at various sites throughout the city by 2015 .	Community Engagement	Riverside have reached agreement with Lovell to deliver and manage 37 affordable homes in the Raffles area at Dalton Avenue. A planning application was submitted on 23rd July 2013 for 37 homes; 23 two-bed homes, 6 three-bed homes, 4 four-bed homes and 4 two-bed bungalows. An early timetable anticipates that contracts will be exchanged by November 2013, with a start on site by February 2014. To meet Homes and Communities Agency (HCA) funding the units must be complete by 31st March 2015 and so the timeframe is tight.	
11	<b>Housing Strategy - Empty Homes</b>	Bringing empty homes back into use. There are 2 funding schemes - Cluster of Empty Properties has a target of 45 empty properties to be returned back to occupation by April 2014. The City Council is the accountable body. The YMCA making homes programme has a remaining target of 30 to be delivered by December 2014. The YMCA is the accountable body and the City Council offers technical support and referrals.	Community Engagement	Cluster of Empty Properties - 10 quick fix grants have been awarded with a total spend of £50k.	
				YMCA making homes programme - 13 schedules of work have been produced and forwarded to YMCA. The July - September 2013 target is to complete the leases for 5 empty properties. There have been delays and as yet the YMCA have still to sign a lease.	
12	<b>Housing Strategy - Gypsy and Traveller transit site</b>	The design, development and implementation of a seven pitch site for transit provision for the Gypsy and Traveller community.	Community Engagement	Delivery of the transit site is an integral part of the City Council's contract with Homespace. Progress has been slow. A plan is now in place with the City Council working with Homespace on delivery of a transit site.	
13	<b>homelife HIA</b>	A Home Improvement Agency provided by Carlisle City Council. Set up of services to keep people at home and to aid hospital discharge. A partnership model. Funding for the project is external.	Community Engagement	Helped 160 people with affordable warmth and income maximisation measures through our Warm Homes service. Provided Handyperson Service to 20 private clients. Provided first private major works- value £10k/ fee income £1250. Bid for and was successful in gaining funding for the Electricity Safety Council for £3000.00 Gained from Cumbria Housing Executive in principle agreement to explore a countywide Affordable Loans product. Recruiting a Housing Caseworker for hospital discharge service.	

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14	<b>Civic Centre Foyer Redesign</b>	To develop and expand existing reception facilities to assist customers in dealing with demands of Welfare Reform changes. To develop a multi working space for supporting agencies at one point of contact.	Community Engagement	The building work is now complete. The new space will be an area which can be utilised by partners as well as City Council officers. The self serve kiosks will be moved into the Foyer once the building work has been completed and the carpet laid. New triage posts start at the beginning of September. The timeline for the project has been extended to include the Carlisle Story (Sense of Place) theme and work to the entrance of the Civic Centre. This should be complete by the end of September.	
15	<b>Automating Services</b>	Project aims to migrate services from transactional written, telephony and face-to-face contact towards electronic means. Phase 1 has focussed on Council Tax including e-billing. Phase 2 will focus on Environmental Health, smarter use of social media and taking self serve out to community venues.	Community Engagement	The project is on target to deliver further efficiencies through self serve modules. Procurement of an authentication module will allow easier sign up for services such as e-billing to encourage customers to sign up. Yewdale Community Centre has been identified as a pilot for self serve. The Connect Housing Benefit module was launched at the beginning of August.	
16	<b>Sports Activation Fund</b>	This is a 3 year funded project to deliver a range of sports activities to Carlisle's most deprived communities. The total cost of the project is £275k and includes contributions from partners and a grant of £183k from Sports England. Carlisle City Council will manage the project and the service will be delivered by a partner appointed via a procurement process.	Community Engagement	Organised projects for young people in Harraby, Longtown, Brampton, Castle ward, Belah and Morton. These activities will engage young people age 14-19 and take place in the evening to offer positive activities and the chance to participate in sport. This will be an initial engagement period to launch the schemes during the summer holidays.  Disability sessions have also been organised at the Sands Centre and James Rennie school.	
17	<b>Community Engagement Transformation 2013/14</b>	DFG reconfiguration IT savings in Customer CC Restructure in Customer CC Restructure in Comms, H & H Non staff savings	Community Engagement	The restructure in Community Engagement is nearly complete. Currently recruiting the Business and Project Management Officer post.	
18	<b>Community Engagement Transformation 2014/5</b>	Hostel Review	Community Engagement	A hostels review has been commissioned. The recommendations set out in the report are being considered.	
19	<b>Sports Strategy and delivery plan</b>	Carlisle City Council's vision for sport and how it will be delivered by partners. Sets out priorities and targets for sport development and participation. Projects to be delivered include sport and leisure facilities at Harraby, pool provision and additional sports hall and Sports Activation Fund.	Community Engagement	The sport and physical activity strategy is now finalised. The delivery plan has also been finalised to include elements of the facility needs assessment and the playing pitch needs assessment. All projects are aligned to meet the headlines of the Sport and physical activity strategy and projects are being set up and monitored accordingly. Rounders, tennis, athletics and golf development schemes going well. Facility work still being discussed internally. Harraby campus work going well. A business plan is being written with the Harraby Sports Group to include sports development to drive the business.	
20	<b>Harraby Campus Development</b>	Support the delivery of key sport and leisure facilities via Harraby School and Community Project.	Community Engagement	The agreement between the two Councils was signed 11th July.	



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21	<b>Clean up Carlisle</b>	3 themes with 2 years of funding: - Education - Enforcement - Enhanced Clean Up	Local Environment	There have been 8 successful prosecutions as well as 56 fixed penalties for dog-fouling and 58 fixed penalties for littering (to 8th August). Presentations have been given to 1200 junior school children and an anti-litter project has been carried out with 230 Year 7 students. A new tactic of 'bagging and flagging' dog waste has been used to draw attention to the problem in specific areas, eg Hammond's Pond. As the small flags draw attention to the dog waste, owners are more likely to clear up after their dog. A new batch of 30 litter bins has been delivered with built-in ashtray to catch smoking-related litter. These will replace existing bins as they become unserviceable.	
22	<b>Historic Quarter - Castle St Public Realm Improvements</b>	Enhancements to the Historic Core of the City with particular emphasis on Castle Street: - Restricted zone for traffic - Pedestrianising and stone paving using traditional materials	Local Environment	The project has been delayed due to priority of work. However, a draft traffic order has been submitted to the County Council for checking and formal advertising. Formal objections will be considered by the Highways and Transport Working Group on 31st October with formal approval by the Local Committee on 4th December.	
23	<b>Local Environment Transformation 2014/15</b>	Play Areas Review Bereavement Services Review Bring Sites Review	Local Environment	Bring Sites – a review was undertaken in Spring 2013 which identified potential savings by reducing the number of sites and bringing the service back in-house. A project plan has been agreed and the new, in-house service will commence in April 2014. Bereavement Services – electronic payments now introduced. Play Areas – mapping and site work complete. Report to Executive in October.	
24	<b>Cycle Way Ramp</b>	This project is the formation of a cycle ramp, forming part of the original overall Sustrans cycleway scheme	Local Environment	Tenders received 2nd August. All came in over budget.	
25	<b>Kingstown Industrial Estate</b>	To bring roads and pavements at Kingstown Industrial Estate up to an adoptable standard.	Local Environment	Carry forward of £30k (residual budget from road repairs) approved to repair footpaths.	
26	<b>Resources Transformation 2013/14</b>	HR support. Finance and Accountancy. Keepers.	Resources	All restructures in Finance, HR and Stores are finalised with all voluntary redundancies leaving by the end of August.	
27	<b>Resources Transformation 2014/15</b>	Financial Services restructure Closure of stores ICT Savings	Resources		
28	<b>Public Realm Caldewgate</b>	Section 106 money from Sainsbury's to improve hard landscaping in Caldewgate.	Resources	Project design to be progressed following outcomes of other public realm work and Sense of Place.	

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Project / Initiative name		Project description	Directorate	Recent project activity	Status
29	<b>Financial systems upgrade and development projects</b>	<p>Projects include -</p> <ul style="list-style-type: none"> <li>- Upgrade of financial software</li> <li>- New employee management system</li> <li>- Implementation of phased Electronic Document Management System (EDMS)</li> <li>- Contractorplus replacement</li> </ul>	Resources	<p><b>EDMS</b> - Successful testing of Data Synchronisation. This will be uploaded in Live and further testing will be carried out in early July. Training for staff has been completed on the Creditor version.</p> <p><b>Financial systems upgrade</b> - Income Management upgrade in test and the implementation date has been revised to 14/10/2013. Civica have issued a subsequent release of software. Staff resources have been an issue. However, the restructure will see a focussed team working on ICON and a second focussed team working on e-purchasing.</p> <p><b>Integrated Employee Management System</b> - Specification complete and issued to Midland HR. Agreement with Department of International Development on the application of their Framework Agreement which allows a direct award to Midland. Arrangement also includes Allerdale Borough Council.</p>	
30	<b>Digital Information Services projects</b>	<p>Projects include -</p> <ul style="list-style-type: none"> <li>- VEEAM solution</li> <li>- Shared Licensing</li> <li>- Carlisle Metro WiFi</li> <li>- New mobile phone contract</li> <li>- Cash receipting Hosted Service PCIDSS Compliance</li> <li>- New ACT website</li> <li>- Open Source CMS</li> </ul>	Resources	No issues	
31	<b>Chief Executive's Team Transformation 2014/15</b>	Review of budgets.	Chief Executive's Team	Non staff savings have been identified.	
32	<b>Governance Transformation 2014/15</b>	Review of Governance Civic Admin post	Governance	Staff review underway.	