

**EXCERPT FROM THE MINUTES OF THE
HEALTH AND WELLBEING SCRUTINY PANEL
HELD ON 19 NOVEMBER 2020**

HWSP.67/20 BUDGET 2021/22 – 2025/26

The Corporate Director of Finance and Resources submitted the annual budget reports, noting that the Panel's consideration marked the beginning of the process for setting and approving the Council's Budget.

(a) Budget Update - Revenue Estimates 2021/22

The Corporate Director of Finance and Resources submitted report RD.32/20 providing a summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and forecasts up to 2025/26 for illustrative purposes. Potential new spending pressures, bids and savings had also been considered in the report. The Panel's agenda set out the matters which fell within the remit of the Panel.

The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved, details of which were recorded at Section 1.3. A summary of the outstanding key issues, together with the resource assumptions were also provided at Section 4.

The Executive had on 9 November 2020 (EX.122/20) received the report and resolved:

"That the Executive:

- (i) Noted the revised base estimates for 2020/21 and base estimates for 2021/22;
- (ii) Noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken;
- (iii) Noted the initial budget pressures, bids and savings which needed to be taken into account as part of the 2021/22 budget process;
- (iv) Noted the review of the earmarked reserves as outlined in paragraph 9 and Appendix F."

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

- Had the Council received any financial support from the Government in relation to the Covid-19 pandemic?

The Corporate Director of Finance and Resources confirmed that the Government had, to date, provided £1.8m of emergency funding in four tranches. They had also provided a co-funding mechanism for the shortfall in income from sales, fees and charges. The City Council covered the first 5% of the annual budget and government would reimburse 75% of the remaining shortfall, one claim had been submitted so far.

- A Member noted that the Energy Monitoring System was the only financial reference to the Local Air Quality Plan. The Panel would be scrutinising the Local Environment (Climate Change) Strategy in January 2021 and wanted to ensure that the relevant budgets were in place to address the actions. The Panel also asked how the Council's obligations from the Strategy would be incorporated into the budget.

The Corporate Director of Finance and Resources highlighted some of the capital programmes and schemes within the budget which was part of the Council's climate change work. She confirmed that there was specific capital and revenue base budget funding in place adding that further work would need to be undertaken to create an affordable plan to include future climate change work into the budget. She agreed to provide the Panel with a written response detailing the existing capital and revenue figures.

- A Member asked for further information regarding the Cremator Replacement.

The Corporate Director of Finance and Resources explained that the budget contained a capital proposal for the replacement of the cremators split over two years. Due to prudent financial management of the Health and Wellbeing Team the capital sum for the replacement of the cremators had been put into a reserve from the revenue income to cover the replacement costs.

The Health and Wellbeing Manager added that the capital proposal would cover the replacement costs of the two cremators and the associated necessary works. He informed the Panel that the new cremators were environmentally friendly, and the work would take two years to complete.

- There was some concern that the loss of income at Talkin Tarn was not just as a result of Covid 19 and a Member asked how the shortfall would be addressed in the future.

The Health and Wellbeing Manager assured the Panel that the income loss at Talkin Tarn was only as a result of the pandemic. The tearoom had to be closed following guidance, a kiosk facility was opened but had reduced the income. The Corporate Director of Finance and Resources reminded the Panel that the 2020/21 budget process had reduced some targets to more realistic income targets and the Health and Wellbeing Manager added that Talkin Tarn always met the targets and when the targets were overachieved the money was reinvested into the site.

- A Member asked for if an application had been made to receive part of the £2.5m National Lottery Climate Action Fund for Cumbria from the Zero Carbon Cumbria Partnership.

The Corporate Director of Finance and Resources responded that any external grants and contributions that finance had been made aware of were included in the budget documents.

The Finance, Governance and Resources Portfolio Holder confirmed that the National Lottery Climate Action Fund had already been allocated and there was no money allocated directly to Carlisle City Council.

- A Member asked for an update on the lost revenue at the Old Fire Station.

The Health and Wellbeing Manager advised the Panel that the Old Fire Station remained closed following government guidance. There was no income, however, staff had been redeployed elsewhere so there were no costs been incurred and therefore no overall impact on budget pressures. He added that work was being undertaken to lease out the site and this would impact the 2022/23 income expectations.

RESOLVED – 1) That report RD.32/20 Budget Update – Revenue Estimates 2021/22 to 2025/26 had been submitted to the Panel;

2) That the Corporate Director of Finance and Resources provide the Panel with written details of the existing capital and revenue base budget funding for climate change matters contained within the budget.

3) That Panel asked the Executive to ensure that the cost of meeting the City Council's climate change obligations were included in the budget.

(b) Review of Charges 2021/2022

The Corporate Director of Finance and Resources presented the Review of Charges reports informing the Panel that there was a 3% increase on the overall level of income in line with the Corporate Charging Policy.

(i) Community Services

The report of the Deputy Chief Executive had been submitted (CS.30/20) with an addendum which set out the proposed fees and charges for 2021/22 relating to those services falling within the Community Services Directorate.

The charges highlighted within the report would result in an anticipated level of income of £2,518,400 against the MTFP target of £3,006,000 which represented a shortfall of £487,600 against the MTFP target. Details of the proposed charges in relation to those areas within the Panel's remit as detailed on the agenda, were contained within the report.

The Executive had on 9 November 2020 (EX.123/20) received the report and decided:

"That the Executive:

1. Had reviewed the proposed charges as set out in the body of Report CS.30/20, the Addendum and relevant appendices with effect from 1 April 2021, noting the impact those would have on income generation as detailed within the report.
2. Made the report of proposed charges and the Addendum available to relevant Scrutiny Panels for their review and comment."

In considering the report, Members raised the following questions or comments:

- The Panel raised a number of questions regarding enforcement action for fly tipping. In response the Neighbourhood Services Manager clarified the following:
 - there had been a slight increase in fly tipping due to Covid 19 restrictions, particularly during the time when the local Household Waste Recycling Centres were closed. The sites remained open, were operating well and the cases of fly tipping had reduced accordingly;

- there continued to be issues of fly tipping at recycling centres, however, it was treated a little different to those dumping waste. In 2019 the Council had run a successful campaign which focused on Christmas waste, the campaign would be repeated this year with additional cameras and an increase in the message that recycling must be disposed of correctly or fines would be issued;
- the maximum 'on-the-spot' fine of £400 for fly tipping was set by the Government. If the fly tipping was commercial or it was a repeat offender, Civil Enforcement Officers had the power to refer the case for prosecution through the courts. This could result in a criminal offence and unlimited fine;
- if the Council issued the fine it retained the money, if the Court issued the fine then the Court would retain the money;
- the Council offered a reduced fine if it was paid quickly to encourage payment and reduce the number of cases that had to progress to Court.

The Finance, Governance and Resources Portfolio Holder reminded the Panel that additional funds had been allocated in the 2019/20 budget to increase capacity, especially at Christmas, to ensure that the sites were emptied quickly. In addition the Council did issue fines to people who left their waste next to the recycling site.

- A Member suggested that there should be an increase in publicity for the 10% discount for monthly and annual car parking permits, in addition, she asked for more information on the removal of the early bird tariff from West Walls car park.

The Neighbourhood Services Manager agreed that there should be more promotion of the discount available, however, given the current restrictions it would be prudent to do this in the future. He added that the early bird tariff had been removed from West Walls car park given very low take-up of the offer in that individual car park. The early bird offer remained popular in other car parks.

- If the public continued to work from home or use alternative modes of transport how would the shortfall in car parking income affect the budget?

The Neighbourhood Services Manager acknowledged that there was a trend which moved away from driving. There was a core customer base which continued to use the car parks; however, some work would be required in the future to consider the supply and demand for car parking in Carlisle.

The Corporate Director of Finance and Resources clarified that a shortfall in income became a budget pressure and savings would have to be found elsewhere in the budget. She added that there was significant pressure on a number of income streams as a result of Covid-19 and they would need to be addressed as part of the budget process. She reminded the Panel that some emergency government funding had been received to address income shortfall as a direct result of Covid-19, and that any on-going impact of Covid-19 was to be addressed as part of the 2020 Spending Review.

The Environment and Transport Portfolio Holder commented that there were several car parking schemes which should be promoted better in the City and he reminded the Panel of the role the Council had regarding climate change and the cycling and walking infrastructures.

- How was Bereavement Services dealing with the increase in deaths in the City and was there a special rate for families who had been financially impacted by Covid-19?

The Health and Wellbeing Manager explained that the rates were as detailed in the charges review, there was no reduced rate. However, there was an option for a direct cremation which was lower cost, and this had become increasingly popular. He reported that the dedicated Bereavement Service staff had been under extreme pressure in April and May had worked tirelessly seven days a week to provide the service.

- A Member asked for an update on the Spending Review and Covid-19 emergency funds.

The Corporate Director of Finance and Resources informed the Panel that the outcome of the Spending Review was due on 25 November 2020 which should provide the key principles for business rate baseline funding for 2021/22, with the detailed figures expected in mid-December. Support of £1.8m had been received to date from government and monthly returns continued to be submitted to the MHCLG but there was no indication if further tranches of support would be received.

The Environment and Transport Portfolio Holder informed the Panel that the waste collection calendars would not be circulated to households in hard copy. The calendars would be published online and on social media and hard copies could be requested. The change had resulted in a reduction of paper being used and resulted in a saving of between £20,000 and £25,000. Experience from 2020 reinforced the importance of checking information on line when services were disrupted or when there were changes to bank holiday arrangements announced with limited notice.

RESOLVED – 1) That the Charges Review Report 2021/22 – Community Services had been submitted to the Panel (CS.30/20).

2) That the Panel thank the Bereavement Services Staff and the Corporate Director of Finance and Resources and her team for their dedication and hard work during such a difficult and high pressured time.

(ii) Economic Development

The Corporate Director of Economic Development submitted report ED.38/20 setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate.

The report set out the proposed charges in relation to Planning Services including Development Control income; Building Control income; Building Control Discretionary Charges; the Home Life Grant Scheme; Shop Mobility and Investment and Policy Income.

Acceptance of the charges highlighted within the report would result in an anticipated level of income of £595,200 against the Medium Term Financial Plan target of £637,000.

The Executive had on 9 November 2020 (EX.124/20) received the report and decided:

“That the Executive agreed for consultation the charges, as set out in Report ED.38/20 and accompanying Appendices, with effect from 1 April 2021; noting the impact those would have on income generation as detailed within the report.”

In responding to a question the Corporate Director of Economic Development confirmed that the membership offer for the Shopmobility Scheme was being addressed.

RESOLVED – That the Charges Review Report 2021/22 – Economic Development Services had been received (ED.38/20).

(iii) Governance and Regulatory Services

The Corporate Director of Governance and Regulatory Service submitted report GD.48/20 which detailed the proposed fees and charges for areas falling within the responsibility of the Governance and Regulatory Services Directorate.

The report set out the proposed charges relative to Environmental Health and Housing; Homeless, Prevention and Accommodation Services; and Legal Services, and the Corporate Director noted that all the increases proposed were in-line with the Council approved, Corporate Charging Policy.

The introduction of the proposed charges was forecast to generate income of £845,300 in 2021/22 as summarised in the table at paragraph 5.9.1 of the report.

The Executive had on 9 November 2020 (EX.125/20) received the report and decided:

“That the Executive agreed for consultation the charges as detailed within Report GD.48/20 and accompanying Appendices, with effect from 1 April 2021; noting the impact those would have on income generation as detailed within the report.”

In considering the report, Members raised the following questions or comments:

- The Panel raised a number of questions with regard to pest control charges and the Corporate Director of Governance and Regulatory Services clarified the following:
 - there was no discount scheme in place for pest control, however, the Council always sought to help residents. Should individuals find the charges expensive the Council would discuss the matter with them;
 - pest control services were discretionary; therefore it was necessary to make a charge to cover the cost of the services;
 - the introduction of a charge for rat control had been necessary to continue the service. The subsidy of the charge had impacted the other services provided by Regulatory Services;
 - it would not be possible to introduce a charge on developers for the displacement of rats during ground works as it would be difficult to prove that the rats were a result of the development;
 - along with its Enforcement Policy the Council could also use legislation to deal with households that were the cause of pest issues.

A Member commented that she felt the introduction of the charge for rat control would be detrimental at this stage due to the current issues households were facing.

- A Member was concerned that the 3% increase to Homeless Accommodation rental charges would negatively impact those on Universal Credit and Housing Benefit and asked for a breakdown of the eligible charges and ineligible charges within the increase.

The Corporate Director of Governance and Regulatory Services agreed to provide a written response to the Panel with regard the eligible and ineligible charges. He assured the Panel that the increase had been discussed and agreed as acceptable with the Revenue and Benefits Service Manager.

RESOLVED – 1) That the Charges Review Report 2021/22 – Governance and Regulatory Services (GD.48/20) had been received.

2) That the Corporate Director of Governance and Regulatory Services provide the Panel with a breakdown of the eligible and ineligible charges and the impact of the 3% increase to the Homeless Accommodation rental charges

(c) Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26

The Corporate Director of Finance and Resources submitted report RD.33/20 detailing the revised Capital Programme for 2020/21, totalling £29,915,800, together with the proposed method of financing. The report summarised the proposed programme for 2021/22 to 2025/26 in the light of the new capital proposals identified, together with the estimated capital resources available to fund the programme.

Section 4 provided details of the existing and capital spending proposals. Any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved. A summary of the estimated resources compared to the proposed programme year on year was also provided.

The Executive had on 9 November 2020 (EX.127/20) received the report and decided:
“That the Executive:

1. Noted the revised capital programme and relevant financing for 2020/21 as set out in Appendices A and B to Report RD.33/20;
2. Had given initial consideration and views on the proposed capital spending for 2021/22 to 2025/26 given in the report in the light of the estimated available resources;
3. Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

In considering the report, Members raised the following questions or comments:

- The Panel discussed the Council’s electric vehicle fleet and the Neighbourhood Services Manager responded to questions as below:
 - the Council had three electric vehicles with a fourth expected to be delivered next month. The Council had introduced a Fleet Challenge for the replacement of vehicles and if a replacement was required a robust business case had to be prepared to support the investment. Shifting to fully electric was not realistic at this time for the larger vehicles as they were 200 – 300% more expensive than the conventional alternatives and did not have the performance required by the Council.

- electricity was cheaper than traditional fuels however, as more vehicles were introduced there would need to be some consideration of the capacity for the power supply.

The Finance, Governance and Resources Portfolio Holder added that there was no timescale to make the entire fleet electric as the technology did not exist in a commercial way for large vehicles, but it was a goal for the Council. He commented that the Council understood the difficult times residents and businesses were facing and therefore did not want to impact that by increasing the Council Tax more than the proposed increase to cover additional schemes.

A Member understood the challenges the Council faced but felt that the Council had to be mindful of the commitment to reduce the Council's carbon footprint by 2030. She commended the work of the Neighbourhood Services Manager in introducing the Fleet Challenge and hoped that other Directorates within the Council would adopt similar challenges into their action plans.

- Referring to the Climate Change commitment a Member asked how the budget consultation took place with external bodies and if direct questions regarding the climate emergency were included?

The Corporate Director of Finance and Resources outlined the procedure for the budget consultation process and explained that the consultation asked about the use of the reserve, budget pressures and the impact of Covid-19.

- Had Covid-19 impacted the delivery of Disabled Facility Grants?

The Corporate Director of Governance and Regulatory Services confirmed that there had been a delay in the delivery during the first lockdown as trades people were not allowed to enter houses. The work had recommenced, and officers had worked hard to deliver as much as they could as well as they could.

In response to a further question the Corporate Director agreed that there was a risk regarding the assumption of Disabled facility Grants in the budget, however, the Council would react to the funding when the amount was known. He also clarified that government set the amount of DFG funding to the City Council and Cumbria County Council distributed the funding through the Better Care fund.

The Corporate Director of Finance and Resources summed up the budget item by reminding the Panel that there was an overriding need to ensure that a balanced budget, which included savings, was approved. She appreciated the priorities and climate change commitment, but a balanced budget had to be agreed which minimised the impact to the local council taxpayer.

RESOLVED – 1) That the Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26 (RD.33/20) had been received.

2) That the Neighbourhood Services Manager provide the Panel with a breakdown of the benefits and cost of electric vehicles along with the fuel charges in comparison to petrol/diesel vehicles.