

AGENDA

Executive

Monday, 15 February 2021 AT 16:00

This meeting will be a virtual meeting and therefore will not take place in a physical location.

SPECIAL MEETING

Virtual Meeting - Link to View

This meeting will be a virtual meeting using Microsoft Teams and therefore will not take place at a physical location following guidelines set out in Section 78 of the Coronavirus Act 2020.

Register of Attendance and Declarations of Interest

A roll call of persons in attendance will be taken and 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.

Apologies for Absence

To receive apologies for absence.

Public and Press

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

PART A

To be considered when the Public and Press are present

A.1 BUDGET 2021/22 – CONSIDERATION OF PROPOSED AMENDMENT
AGREED BY THE CITY COUNCIL ON 2 FEBRUARY 2021

(Key Decision)

(The Leader has agreed to this Key Decision item being considered at this meeting, although not in the Notice of Executive Key Decisions for decision today)

To consider the proposed amendments, as set out below, to the Executive's Budget recommendations for 2021/22 carried at the City Council meeting on 2 February 2021.

In dealing with the matters the Executive can –

(a) Submit a revision to their original proposals (which may be the Council's proposed amendments), together with the Executive's reasons for the amendment, which would then be submitted to the Council for consideration;

(b) Inform the Council of any disagreement that the Executive has with the Council's proposed amendments and the Executive's reasons for any such disagreement.

It will then be a matter for the Council to determine the final budget at its special meeting on 17 February 2021.

The amendments are as follows:

1. Mental Health (crisis) Support (as proposed by Councillor Brown)

To provide a grant of £15,000 to support the work of Carlisle Eden Mind and help to meet the increasing demand for their mental health crisis support services, including the possible expansion of the Lighthouse crisis service. The proposal is to be funded from the 2021/22 allocation of Covid-19 funding provided in the Local Government Finance Settlement.

This budget amendment will assist Carlisle Eden Mind, not only in meeting the increased demand due to the impact of Covid on Carlisle residents' mental health but will also act as match funding for applications and bids to other funding bodies to meet essential demand for support.

This amendment also supports this Council's commitment to improving mental health and wellbeing and support the NHS Every Mind Matters campaign.

2. Removal of Rats in domestic properties charge (as proposed by Councillor Betton)

It is proposed to remove the charge for treatment of rats in domestic properties. We believe that now is not the time for the introduction of this new charge with the financial difficulties' households are currently encountering with COVID. We therefore ask the Executive to reconsider the implementation of this charge for 2021/22 and fund the income shortfall from Revenue Reserves.

Copies of the following documents are attached to this Agenda:

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|---------------|--|----------------|
| (A) | <u>Executive Budget proposals 2021/22, tabled by the Executive at its meeting on 13 January 2021 (considered by Council on 2 February 2021) and Minute Excerpt EX.06/21.</u> | 5 - 28 |
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| (B) | <u>Proposed Amendments / Objection to the Budget Proposals:</u> | |
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| (B)(1) | <u>Proposed amendment regarding Mental Health (crisis) Support, including the observations of the Corporate Director of Finance and Resources (from Council on 2 February 2021).</u> | 29 - 30 |
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| (B)(2) | <u>Proposed amendment regarding Removal of Rats in domestic properties charge, including the observations of the Corporate Director of Finance and Resources (from Council on 2 February 2021).</u> | 31 - 32 |
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| (B)(3) | <u>Report RD.60/20 by the Corporate Director of Finance and Resources on the proposed amendment to the Executive Budget Proposals.</u> | 33 - 36 |

(B)(4) **Supplementary Report (CS.14/21) by the Deputy Chief Executive on the proposed amendment.** 37 - 40

(B)(5) **Supplementary Report (GD.20/21) by the Corporate Director of Governance and Regulatory Services on the proposed amendment.** 41 - 44

(C) Executive Response to the Proposed Budget Amendment

The Executive will respond to the Council's proposed amendment and table revised Budget Proposals to recommend to Council on 17 February 2021.
(Copy Proposal to be circulated at the meeting)

PART B

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

- NIL -

Notes to Members: The Mayor will be asked to dispense with call-in procedures in accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, as the matter is due to be considered at a Special Council Meeting on 17 February 2021.

Enquiries, requests for reports, background papers etc to:
committeeservices@carlisle.gov.uk



Executive Budget Proposals 2021/22

13th January 2021

Councillor J Mallinson
Leader of the Council

Councillor G Ellis
Portfolio Holder Finance, Governance & Resources

Jason Gooding
Chief Executive

Alison Taylor CPFA
Corporate Director of Finance and Resources

EXECUTIVE BUDGET PROPOSALS 2020/21 to 2025/26

This document contains the budget proposals of the City Council's Executive set out as follows.

Section	Detail
A	Background and Executive Summary
B	Revenue Budget 2020/21 to 2025/26 <ul style="list-style-type: none">• Schedule 1 - Existing Net Budgets• Schedule 2 - Proposed Budget Reductions• Schedule 3 - Recurring Budget Increases• Schedule 4 - Non-Recurring Budget Increases• Schedule 5 - Summary Net Budget Requirement• Schedule 6 - Total Funding and Provisional Council Tax
C	Capital Programme 2020/21 to 2025/26 <ul style="list-style-type: none">• Schedule 7 - Estimated Capital Resources• Schedule 8 - Proposed Capital Programme• Schedule 9 - Summary Capital Resource Statement
D	Council Reserves Projections to 2025/26 <ul style="list-style-type: none">• Schedule 10 - Usable Reserves Projections
E	Proposed Budget Discipline and Saving Strategy
F	Draft Statutory Report of the Corporate Director of Finance and Resources
G	Glossary of Terms

These budget proposals are based on detailed proposals that have been considered by the Executive over the course of the last few months. In particular the following reports of the Corporate Director of Finance and Resources were considered at the Executive meeting of 13th January 2021. All of the detailed reports are available on the Council's website.

1. RD52/20 – Budget Update 2021/22 to 2025/26
2. RD53/20 – Capital Programme 2020/21– 2025/26
3. RD54/20 – Draft Treasury Management Strategy Statement and Investment Strategy and Minimum Revenue Provision Strategy 2021/22

SECTION A – BACKGROUND AND EXECUTIVE SUMMARY

Council Priorities

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

Budget Policy Framework

The preparation of the budget proposals is an ongoing process, which starts in the summer with the agreement by Council to the Medium-Term Financial Plan, Corporate Charging Policy, Capital Investment Strategy and Asset Management Plan. These strategic documents set out the Council's policies in guiding the budget process and in particular set out the five-year financial projections that the Council is faced with prior to starting the new budget process.

Approving a Balanced Budget

The Council is obliged to ensure proper financial administration of its affairs in accordance with Section 151 of the Local Government Act 1972. For Carlisle City Council, this is the responsibility of the Corporate Director of Finance and Resources and the Council must consider the advice of the Officer in setting the budget. One of the responsibilities is to ensure that the Council approves a balanced budget meaning that the planned expenditure must not exceed the resources available. Base budgets must be robust and sustainable, and any savings identified must be achievable and the level of Council reserves must be adequate. The Council must determine what levels of borrowing, if any, it wishes to make under the Prudential Code that now governs local authority borrowing.

Council Tax Reduction Scheme

There is a requirement to approve the Local Support for Council Tax Scheme ("The Council Tax Reduction Scheme" or CTRS) annually as part of the Budget Process. There are no intentions to make any changes to the reductions given to recipients of the discount scheme for 2021/22, nor any proposals to make any revisions or replace the current scheme and as such the continuation of the current scheme is recommended.

Major Financial Challenges facing the Council

The Council is facing many financial challenges over the next five-year planning period and forecast resources are not anticipated to cover the expenditure commitments without transformational savings being identified in accordance with the Council's Savings Strategy (section E).

Some of the main issues are:

- Government Finance Settlement – impact of the 2020 Spending Round, and the deferral of the Business Rates Retention and Fair Funding Reviews;
- Further changes in Government Grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
- Future borrowing requirements;
- Commercial and Investment Opportunities

Climate Change

The Council is committed to becoming carbon neutral in the future and there may be a requirement for significant investment in achieving this goal, with recovery through the achievement of efficiency savings and/or by maximising any external grants and contributions available to support the strategy and action plan through the Council's Funding Strategy. However, any carbon reducing schemes will initially have to be funded from resources currently contained within the Council's existing Revenue and Capital budgets; with any new climate change initiatives, following the formal adoption and

approval of the Local Environment (Climate Change) Strategy, being supported by robust business cases with a cost benefit analysis provided.

Summary Budget Proposals

The key issues in this budget consultation document, which is expanded on further in the proposals, are as follows:

- (i) The draft budget proposes an annual **£5** increase per Band D in Council Tax for the City Council for 2021/22 (Parish Precepts will be an additional charge in the parished rural areas).
- (ii) Based on current projections, the budget proposed will result in the following requirement to be taken **to/(from)** Council reserves to support Council expenditure over the period as follows:

Additional contribution to / (from) reserves	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Original MTFP recurring surplus/(deficit)	(499)	(95)	(86)	27	(118)
Changes to Funding - Business Rates Growth	1,200	0	0	0	0
Changes to Funding - Business Rates Baseline	(178)	(4)	(4)	(4)	(4)
Changes to Funding - Business Rates Multiplier Compensation	174	0	0	0	0
Recurring budget reductions (Schedule 2)	335	500	575	547	537
Recurring Budget Increases (Schedule 3)	(900)	(497)	(301)	(301)	(301)
Contribution required (from) / to Reserves to fund Recurring Expenditure	132	(96)	184	269	114
Original MTFP non-recurring surplus/(deficit)	(34)	45	0	0	0
Non-Recurring budget reductions (Schedule 2)	739	0	0	0	0
Non-Recurring budget increases (Schedule 4)	(777)	(190)	(190)	(190)	0
Contribution required (from) / to Reserves to fund Non-Recurring Expenditure	(72)	(145)	(190)	(190)	0
Total contribution required (from) / to Reserves	60	(241)	(6)	79	114

- (iii) The above table shows a contribution to reserves in 2021/22 and a small contribution from reserves over the following two years of the MTFP to fund expenditure. A strategy as detailed in Section E for ensuring the Council sets a robust budget within the revenue budget has been proposed.

- (iv) Given the uncertainty over future funding allocations and other financial pressure the Council is facing, the scope to support new recurring spending and initiatives in future years is still very challenging.

Consultation Responses:

Formal consultation meetings have been held and views sought from council tax payers. The Executive, at their meeting on 13th January 2021, considered the consultation responses, culminating in their final budget proposals to Council on **2nd February 2021**. **Any changes following the consultation have been incorporated into this budget resolution where appropriate.**

Although provisional estimates have been included, it should be noted that at this point in time there are still some issues which have not yet been finalised and which may impact on the final budget proposals to Council on 2nd February 2021. Any minor changes will be funded from appropriations to/from revenue reserves and details provided for the Council meeting in February.

A glossary of terms is included at the end of this document to aid understanding of the proposals. Further details on these proposals including detailed reports are available on the Council's website or by contacting the Corporate Director of Finance and Resources at the above address.

SECTION B - REVENUE BUDGET 2020/21 to 2025/26

1. REVISED REVENUE BUDGET 2020/21

- 1.1 The Executive recommends that the Council's revised net budget for 2020/21 be approved totalling £17.532m compared to the original budget of £13.842m. The increase of £3.690million can be summarised as follows:

Detail:	£000	£000
Original Net Budget		13,842
Carry Forward Requests from 2019/20 (See note 1.2)		811
		14,653
Non-Recurring Expenditure:		
Use of Projects Reserve	238	
Planning Services Reserve	(9)	
Revenue Grants Reserve	730	
Flood Reserve	1,944	
Building Control Reserve	9	
Cremator Reserve	(55)	
Carry Forward Reserve	22	
Total Changes		2,879
Revised Net Budget		17,532

- 1.2 The increased budget for 2020/21 is principally as a result of the carry forward of budgets from previous years for work not completed at the financial year-end. Although the 2020/21 budget is increased, there is a corresponding decrease for the previous financial year and so there is no impact on the Council's overall financial position.

2. REVENUE BUDGET 2021/22 to 2025/26

2.1 Existing Net Budgets

The Executive recommends that the net budgets for 2021/22 to 2025/26 submitted in respect of existing services and including existing non-recurring commitment and estimated Parish Precepts are as shown in **Schedule 1** below:

Schedule 1 – Existing Net Budgets

Existing Net Budgets	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
City Council					
- Recurring (schedule 5)	12,719	12,639	12,960	13,183	13,670
- Non-Recurring (Sch. 5 note 2)	34	(45)	0	0	0
Parish Precepts (Estimated)	705	723	741	760	779
Total	13,458	13,317	13,701	13,943	14,449

2.2 **Proposed Savings and Budget Reductions**

The Executive further recommends that the existing budgets set out in **Schedule 1** be reduced by proposals for budget reductions as detailed in **Schedule 2**. Full details of all of the proposals are contained within various reports considered by the Executive at various stages during the budget process to date.

Schedule 2 – Proposed Budget Reductions

Proposed Budget Reductions	Note	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Expenditure Reductions/Increased Income:						
Energy Savings	1	(20)	(20)	(20)	(20)	(20)
Budget Savings	2	0	(200)	(200)	(200)	(200)
Treasury Management	3	(315)	(280)	(355)	(327)	(317)
Capacity Funding Bid	4	(20)	0	0	0	0
Rural Services Delivery Grant	5	(193)	0	0	0	0
New Homes Bonus	6	(137)	0	0	0	0
Lower Tier Services Grant	7	(389)	0	0	0	0
Total Expenditure Reductions/Increased Income		(1,074)	(500)	(575)	(547)	(537)
TOTAL BUDGET REDUCTION PROPOSALS		(1,074)	(500)	(575)	(547)	(537)
Split:						
Recurring		(335)	(500)	(575)	(547)	(537)
Non-Recurring		(739)	0	0	0	0

Note 1: This is the annual expected saving from the installation of a new energy monitoring system that is included as a new capital project.

Note 2: The current MTFP includes a recurring savings requirement to be found by 2023/24 of £1.850million; however, a revised savings requirement has been calculated that will see an initial reduction in savings required in 2021/22 of £0.500million (See Schedule 4). An increase to savings required of £0.200million will be required in 2022/23 (on a recurring basis), meaning total savings required will be £2.050million in 2023/24. The savings required takes account of the pressures and bids and the additional savings identified in this report.

	Cumulative Savings identified as 2020/21 Budget £000	Additional Cumulative Savings Required £000	Reprofiled Savings £000	Revised Cumulative Savings required £000	Revised in Year Savings Required £000
2021/22	(1,000)	0	500	(500)	(500)
2022/23	(1,000)	(200)	0	(1,200)	(700)
2023/24	(1,850)	(200)	0	(2,050)	(850)
2024/25	(1,850)	(200)	0	(2,050)	0
2025/26	(1,850)	(200)	0	(2,050)	0

Note 3: Treasury Management projections have been revised to include updates to the Capital programme and updated for interest rate forecasts. This projection includes the potential impact on reserves for all the pressures and savings contained in this report together with the updated borrowing costs for the capital programme.

Note 4: This is the use of a Capacity Funding bid to support the creation of the Fixed Term post for a Digital Marketing Officer (Schedule 4).

Note 5: A further allocation of the Rural Services Delivery Grant as outlined in the draft Local Government Finance Settlement for 2021/22.

Note 6: A one-year allocation of New Homes Bonus has been provided for 2021/22, with no legacy payments expected in subsequent years; however all previously announced legacy payments for previous years will be honoured in the 2021/22 allocations and these are already included in the MTFP.

Note 7: A new one-off un-ringfenced grant will be received to support Councils with responsibility for lower tier services such as homelessness, planning, recycling and refuse collections and leisure services.

2.3 **Proposed Budget Increases**

The Executive further recommends that the existing budgets set out in **Schedule 1** be increased by new budget pressures detailed in **Schedules 3 and 4**. Full details of all of the proposals are contained within various reports considered by the Executive at various stages during the budget process to date.

Schedule 3 – Recurring Budget Increases

Recurring Budget Pressures	Note	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Leisure Contract	1	617	198	2	2	2
Energy Monitoring System	2	3	3	3	3	3
Replacement of Flare Data Management Sys	3	0	16	16	16	16
Industrial Estate Income	4	55	55	55	55	55
Pay Award	5	93	93	93	93	93
Project Officers Posts	6	132	132	132	132	132
Total Recurring Budget Pressures		900	497	301	301	301

Note 1: This relates to additional subsidy to the Leisure provider agreed as part of the Sands project by Council in July 2019.

Note 2: The annual maintenance cost of a new energy monitoring system that is included as a new capital project. The system will allow the Council to monitor and manage its energy usage across its properties and will help to deliver commitments around becoming carbon neutral as well as generating a recurring saving of approximately £20,000 per year.

Note 3: This is the annual cost associated with a new Data Management system to be used by Regulatory Services. The capital costs are included in the Capital Programme.

Note 4: To recognise the shortfall of income from industrial estates in line with the Council's asset disposal programme.

Note 5: The 2020/21 pay award was higher than that included in the Medium-Term Financial Plan. This pressure recognises the increased cost of the 2020/21 pay award on the overall wage bill.

Note 6: This is to add permanent officer posts for supporting and managing capital projects.

Schedule 4 – Non-Recurring Budget Increases

Non-Recurring Budget Pressures/Savings	Note	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
City Centre Properties Income Shortfall	1	190	190	190	190	0
Digital Marketing Officer	2	27	0	0	0	0
Budget Savings	3	500	0	0	0	0
Environmental Clean Up and Enforcement	4	60	0	0	0	0
Total Non-Recurring Budget Pressures		777	190	190	190	0

Note 1: To recognise the loss of rental income from City Centre properties; with the assumption that this funding gap will be replaced by funding received from the Borderlands Project.

Note 2: This is to create a fixed term role with the use of a capacity funding bid (£20,000) to lead on engagement through social media and digital channel. The role will continue to develop innovate approaches to engagement and consultation for the key strategic projects and new strategies/policies.

Note 3: The current MTFP includes a recurring savings requirement to be found by 2023/24 of £1.850million; however, a revised savings requirement has been calculated that will see an initial reduction in savings required in 2021/22 of £0.500million. An increase to savings required of £0.200million (Schedule 2) will be required in 2022/23 (on a recurring basis), meaning total savings required will be £2.050million in 2023/24. The savings required takes account of the pressures and bids and the additional savings identified in this report.

Note 4: A budget allocation due to a proposal received during the budget consultation process to support Environmental Clean Up and Enforcement which will provide resources to fund additional staffing and equipment for the team dealing with dog fouling, litter and fly tipping.

2.4 **Revised Net Budget Requirement**

As a consequence of the above, the Executive recommends that the Net Budget Requirement for Council Tax Purposes for 2021/22, with projections to 2025/26, be approved as set out in **Schedule 5** below:

Schedule 5 – Summary Net Budget Requirement for Council Tax Purposes

2020/21 Revised £000	Summary Net Budget Requirement	2021/22 Budget £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000
	Recurring Revenue Expenditure					
	Existing Expenditure (Schedule 1)	12,719	12,639	12,960	13,183	13,670
	Budget Reductions (Schedule 2)	(335)	(500)	(575)	(547)	(537)
	New Spending Pressures (Schedule 3)	900	497	301	301	301
14,527	Total Recurring Expenditure	13,284	12,636	12,686	12,937	13,434
	Non Recurring Revenue Expenditure					
(431)	Existing Commitments (Schedule 1)	34	(45)	0	0	0
811	Carry Forward	0	0	0	0	0
(590)	Budget Reductions (Schedule 2)	(739)	0	0	0	0
3,215	Spending Pressures (Schedule 4)	777	190	190	190	0
17,532	Total Revenue Expenditure	13,356	12,781	12,876	13,127	13,434
	Less Contributions (from)/to Reserves:					
(1,141)	Recurring Commitments (Note 1) Sub Total	132	(96)	184	269	114
	Non Recurring Commitments					
(2,194)	- Existing Commitments (Note 2)	(34)	45	0	0	0
(811)	- New Commitments	(38)	(190)	(190)	(190)	0
(3,005)	Sub Total	(72)	(145)	(190)	(190)	0
13,386	Total City Council Budget requirement	13,416	12,540	12,870	13,206	13,548
688	Parish Precepts	705	723	741	760	779
14,074	Projected Net Budget Requirement for Council Tax purposes	14,121	13,263	13,611	13,966	14,327

Note 1: This is the projected contribution (from)/to reserves in relation to recurring expenditure.

Note 2: Non - recurring Revenue commitments arising from existing approved commitments from earlier years are as follows:

Existing Non Recurring Commitment Approvals	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Asset Disposal Refresh Staffing	112	0	0	0	0
<i>Asset Disposal Refresh - financed from Capital Receipts</i>	(112)	(112)	0	0	0
Tullie House Core Funding	150	0	0	0	0
New Homes Bonus	(217)	42	0	0	0
Grants to Third Parties	6	0	0	0	0
Carlisle Ambassadors	25	25	0	0	0
Parking Income (Sands Project)	70	0	0	0	0
Total	34	(45)	0	0	0

2.5 **Funding and Provisional Council Tax Projections**

As a consequence of the above and having made the appropriate calculations required under Section 32 of the Local Government Finance Act 1992, the Executive is putting forward a proposal for an annual £5 increase in Council Tax for 2021/22 per Band D property (This equates to a 2.30% increase). The detail of this is set out in **Schedule 6** below and the impact per Council Tax Band is as follows:

	2020/21 Council Tax £	Proposed Annual Increase £	2021/22 Council Tax £	Weekly Increase
Band A	144.80	3.33	148.13	6 pence
Band B	168.93	3.89	172.82	7 pence
Band C	193.07	4.44	197.51	9 pence
Band D	217.20	5.00	222.20	10 pence
Band E	265.47	6.11	271.58	12 pence
Band F	313.73	7.22	320.96	14 pence
Band G	362.00	8.33	370.33	16 pence
Band H	434.40	10.00	444.40	19 pence

Schedule 6 – Total Funding and Provisional Council Tax Projections

2020/21	Total Funding and Council Tax Impact	2021/22	2022/23	2023/24	2024/25	2025/26
34,468.61 £000	Estimated TaxBase	34,911.93 £000	35,261.05 £000	35,613.66 £000	35,969.80 £000	36,329.50 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
13,386	- City	13,416	12,540	12,870	13,206	13,548
688	- Parishes	705	723	741	760	779
14,074	Total	14,121	13,263	13,611	13,966	14,327
	Funded by:					
(7,487)	- Council Tax Income	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)
(3,335)	- Retained Business Rates	(3,335)	(3,579)	(3,651)	(3,724)	(3,799)
(2,400)	- Business Rate Growth/Pooling	(2,100)	(900)	(900)	(900)	(900)
(134)	Business Rates Multiplier Grant	(174)	0	0	0	0
(30)	- Estimated Council Tax Surplus	(50)	(50)	(50)	(50)	(50)
(688)	- Parish Precepts	(705)	(723)	(741)	(760)	(779)
(14,074)	TOTAL	(14,121)	(13,263)	(13,611)	(13,966)	(14,327)
	City Council Tax					
£ 217.20	Band D Council Tax	£ 222.20	£ 227.20	£ 232.20	£ 237.20	£ 242.20
	Increase over Previous year:					
£5.00	£	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
2.36%	%	2.30%	2.25%	2.20%	2.15%	2.11%

2.6 It should be noted that the funding projections in **Schedule 6** are based upon:

- Final confirmation of the Local Government Finance Settlement is due towards the end of January 2021; current estimates are based on the draft settlement received in December 2020;
- The Council Tax Surplus and Taxbase are currently estimated and final figures will be available in January 2021;
- Parish Precept figures included above are estimated. There are currently 4 Parishes yet to supply details of their precept requests;
- The Council is continuing to participate in the Cumbria Business Rates Pool with the other Councils within Cumbria in order to manage Business Rates in 2021/22.
- The projections of Council Tax for 2022/23 onwards are indicative only and exclude final confirmation of parish precepts.

SECTION C - CAPITAL PROGRAMME 2020/21 TO 2025/26

1. REVISED CAPITAL BUDGET 2020/21

- 1.1 The Executive recommends that the revised 2020/21 Capital Programme be approved at £19.390m compared to the original budget of £29.916m as set out in the report of the Corporate Director of Finance and Resources.

2. CAPITAL BUDGET 2021/22 TO 2025/26

- 2.1 The Executive recommends that the estimated Capital Resources available and proposed Capital Programme for 2021/22 to 2025/26 be approved to be financed and allocated as detailed in **Schedule 7 and 8** below:

Schedule 7 – Estimated Capital Resources

Estimated Resources	Note	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Grants:						
- DFG	1	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
- Other	2	0	(2,446)	0	0	0
Capital Receipts						
- Generated in year (Asset Business Plan)	3	(1,011)	(3,573)	(200)	(200)	(445)
Receipts used to fund resources	3	112	112	0	0	0
Direct Revenue Financing	4	(1,337)	(1,887)	(987)	(987)	(987)
TOTAL		(4,136)	(9,694)	(3,087)	(3,087)	(3,332)

Note 1: Disabled facilities grant (DFG) allocation will be received in the new year, and it has been assumed that this grant will be protected at the 2020/21 levels. However, this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the final allocation will be.

Note 2: Capital Grants and contributions from third parties in relation to Future High Street Fund (FHSF) project for Market Square / Greenmarket. The MHCLG has announced an "in principle" funding offer for FHSF and officers are assessing the impact on the original proposed schemes and any budgetary allocations.

Note 3: Capital receipts from the sale of fixed assets. A review of the asset disposal programme has been undertaken and a reprofiling of disposals between 2021/22 and 2025/26 has been incorporated into the table above.

Note 4: Direct revenue financing with contributions being made from the revenue budget or other earmarked reserves.

Schedule 8 – Proposed Capital Programme

Capital Scheme		Note	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Vehicles & Plant		1	255	1,221	1,771	1,680	1,166
Planned Enhancements to Council Property		2	250	250	250	250	250
Disabled Facilities Grants			1,900	1,900	1,900	1,900	1,900
ICT Infrastructure		3	101	76	131	101	101
Leisure Facilities		4	15,237	3,450	0	0	0
Recycling Containers		5	45	45	45	45	45
Civic Centre		6	1,021	0	0	0	0
<i>Savings to Fund Civic Centre</i>			(200)	0	0	0	0
Carlisle Southern Relief Road	A	7	0	5,000	0	0	0
Crematorium Infrastructure	A	8	350	900	0	0	0
Flare Data Management System		9	0	150	0	0	0
Energy Monitoring System		10	12	0	0	0	0
Future High Street Fund - Market Square	A	11	100	2,670	0	0	0
TOTAL POTENTIAL PROGRAMME			19,071	15,662	4,097	3,976	3,462

A: Subject to further reports to the Executive, including a full Business Plan, prior to the release of any earmarked reserve and any expenditure being incurred.

Note 1: The anticipated budgets for the replacement of the Council's vehicle fleet on the assumption of like for like replacements.

Note 2: Provision for expenditure to maintain the enhancement programme on Council operational property in line with the Asset Management Plan priorities.

Note 3: The provision for expenditure of ICT equipment.

Note 4: Capital expenditure for the enhancement work to Leisure Facilities. Associated costs of the external borrowing are included in the revenue budget.

Note 5: To cover expenditure on replacement recycling and refuse containers.

Note 6: Funding to be identified and vired to support the reinstatement of the Civic Centre Ground floor project from within the overall Capital Programme.

Note 7: This relates to the contribution committed in support of the Housing Infrastructure Fund Bid (HIF) for the development of the Carlisle Southern Relief Road as part of the Garden City initiative. It is envisaged that the cost of this contribution will be recouped through developer contributions once the Garden Village starts being delivered.

Note 8: To provide new infrastructure for the crematorium including replacement cremators. The project is funded from the amounts set aside in the Cremator Replacement Earmarked Reserve.

Note 9: An allocation to provide for a new data management system that is used in Environmental Health and Private Sector Housing.

Note 10: An allocation to provide for an Energy Management System to be installed to monitor energy usage across Council owned property.

Note 11: This project is part of the funding application to the Future High Streets Fund (FHSF) and seeks to redevelop and improve the area around the Greenmarket and Market Square in Carlisle City Centre. The project is part funded through the FHSF grant, with a funding requirement from the Council of £390,000. The MHCLG has announced an “in principle” funding offer for FHSF and officers are assessing the impact on the original proposed schemes and any budgetary allocations.

A summary of the estimated resources compared to the proposed programme is set out in **Schedule 9** below:

Schedule 9 – Summary Capital Resource Statement

Summary Programme	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Estimated Borrowing Requirement 31 March 2021	(1,084)				
In Year Impact:					
- Estimated resources available in year (Schedule 7)	(4,136)	(9,694)	(3,087)	(3,087)	(3,332)
- Proposed Programme (Schedule 8)	19,071	15,662	4,097	3,976	3,462
Borrowing Requirement	13,851	19,819	20,829	21,718	21,848

SECTION D – USABLE RESERVES PROJECTIONS

1. The Executive recommends, as a consequence of Sections A, B and C detailing the Council's Revenue and Capital budgets, the overall use of the Councils usable Reserves as set out in **Schedule 10** below.

Schedule 10 – Usable Reserve Projections

Analysis of Council Reserves	Outturn 31 March 2020 £000	Projected 31 March 2021 £000	Projected 31 March 2022 £000	Projected 31 March 2023 £000	Projected 31 March 2024 £000	Projected 31 March 2025 £000	Projected 31 March 2026 £000
Revenue Reserves							
General Fund Reserve	(3,100)	(2,502)	(2,562)	(2,321)	(2,315)	(2,394)	(2,508)
Projects Reserve	(907)	0	0	0	0	0	0
Carry Forward Reserve	(654)	(632)	(632)	(632)	(632)	(632)	(632)
	(4,661)	(3,134)	(3,194)	(2,953)	(2,947)	(3,026)	(3,140)
Flood Reserve	(1,948)	(4)	(4)	(4)	(4)	(4)	(4)
Building Control Reserve	(100)	(91)	(91)	(91)	(91)	(91)	(91)
Cremator Reserve	(1,080)	(1,135)	(785)	115	115	115	115
City Centre Reserve	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Revenue Grants Reserve	(1,939)	(1,209)	(1,209)	(1,209)	(1,209)	(1,209)	(1,209)
Planning Services Reserve	(196)	(205)	(205)	(205)	(205)	(205)	(205)
Apprentices Reserve	(78)	(78)	(78)	(78)	(78)	(78)	(78)
Waverley Viaduct Reserve	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Prosecutions Reserve	(36)	(36)	(36)	(36)	(36)	(36)	(36)
Total Revenue Reserves	(10,073)	(5,927)	(5,637)	(4,496)	(4,490)	(4,569)	(4,683)
Capital Reserves							
Usable Capital Receipts	0	0	0	0	0	0	0
Unapplied capital grant	(136)	(112)	(112)	(112)	(112)	(112)	(112)
Lanes Capital Reserve	(75)	(90)	(105)	(120)	(135)	(150)	(165)
Total Capital Reserves	(211)	(202)	(217)	(232)	(247)	(262)	(277)
Total Usable Reserves	(10,284)	(6,129)	(5,854)	(4,728)	(4,737)	(4,831)	(4,960)
Other Technical Reserves (i)	(90,488)						
Total All Reserves	(100,772)						

- (i) These reserves are of a technical nature and are not cash backed. They are not available either to fund expenditure or to meet future commitments.

SECTION E - BUDGET DISCIPLINE AND SAVING STRATEGY

1. The Council has adopted a 5-year financial strategy as set out in its Medium-Term Financial Plan to assist in the integration of financial planning with the priorities set out in the Carlisle Plan. The current medium-term financial projections point to a shortfall in the Council's recurring budgets, requiring the use of reserves and the achievement of identified savings. In addition, the scope for the Council to continue support for initiatives in future years and to redirect resources to priority areas will be dependent on the extent to which the Council is successful in realising savings and maximising income and funding streams. The requirement to achieve savings or raise additional income in future years is a continuing and increasing pressure facing the Council.
2. The Council continues to recognise the challenges of reductions in Central Government funding and uncertainty over other Government funding such as Business Rate Retention (and significant reductions in other revenue and capital grants) together with increased cost pressures. However due to its success to date in identifying savings, the Council now has a solid financial base in order to set its 2021/22 budget.
3. The savings strategy will continue to concentrate on the following areas to deliver the savings required to produce a balanced budget, however the exact work programme will be dependent on progress with the Transformation programme.
 - Asset Strategy – to focus on ensuring the council's asset portfolio maximises the benefit to the Council through income generation or by realising receipts of assets that do not generate a return that can then be utilised to ease pressures in capital and revenue budgets through the most appropriate means, e.g. re-investment in new assets and supporting the capital programme to reduce the Council's borrowing requirement.
 - Service Reviews – A review of services to include their purpose and relevance in achieving the Carlisle Plan priorities, including a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services and resources are properly aligned to what the Council wants to achieve.
 - Core Budgets – a review of base budgets, including income generation and a fundamental zero-based budget review of all base budgets, to ensure compliance with best practice on priority and outcome based budgeting and other appropriate budget disciplines.

Furthermore, the Council will develop a Commercialisation Strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity.

4. Members and Officers are reminded that it is essential to maintain a disciplined approach to budgetary matters and as such:
 - Supplementary estimates will only be granted in exceptional circumstances.
 - Proposals seeking virement should only be approved where the expenditure to be incurred is consistent with policies and priorities agreed by the Council.
5. In order to continue the improvements in the links between financial and strategic planning, the Joint Management Team will continue to meet regularly to progress forward planning on these issues.

STATUTORY REPORT OF S.151 OFFICER

1. In setting its Budget Requirement, the Council is required under the Local Government Act 2003 (Section 25) to consider:
 - (i) The formal advice of the statutory responsible financial officer (Corporate Director of Finance and Resources) on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides;
 - (ii) The Council has to determine what levels of borrowing, if any, it wishes to make under the Prudential Code that governs local authority borrowing.

2. Robustness of the Estimates

Whilst relevant budget holders are responsible for individual budgets and their preparation, all estimates are scrutinised by Financial Services staff, the Senior Management Team and the Strategic Financial Planning Group prior to submission to members.

The Council's revenue and capital budgets are integrated in that the financial impact of the proposed capital programme is reflected in the revenue estimates.

The Council has no history of overspending against budget, indeed, there has tended to be a degree of underspending. However improved budget monitoring backed up by specific action where appropriate and base budget procedures have proven effective in addressing this issue.

There are risks however involved in projecting budgets particularly over the medium term and the year-end position will never exactly match the estimated position in any given year. Areas of specific risk in the current five-year period under consideration are:

- The Savings programme was expected to achieve savings of £1.850million by 2023/24, in order to meet the expected cuts in grants from central government and other budgetary pressures identified in the previous budget process. However, based upon the pressures and savings identified within this budget, the savings required for 2021/22 can be decreased on a non-recurring basis by £0.500million with a further savings requirement of £0.200million being required from 2022/23 (on a recurring basis); this will increase the overall target to £2.050million in 2023/24, to ensure that a balanced budget is produced and where Council reserves are replenished over the longer term.
- The level of interest receipts and return on Treasury Management activities are subject to market rates. Members are advised of this risk every year and it should be noted that in the current economic climate with low and relatively static base rates, investment income returns in the medium term continue to prove challenging. The Council is also having to deal with a reduced number of counterparties it is able to place deposits with.

The main risk to the robustness of the estimates is the uncertainty regarding the Fair Funding Review and how, and when, the 75% retention of business rates will be implemented, and the outcome of one-year spending review and financial support for the on-going impact of COVID-19.

There will be a requirement to use reserves in the short term; however, the proposals put in place show that reserves will rise over the following 5-year period to minimum levels.

The delivery of the savings proposals identified and continuing work to deliver further savings will also be important to maintaining reserves at prudent levels. Regular budget monitoring, particularly in the area of the Savings programme is imperative during this period. The level of the Council's future Capital Programme in taking account of a significant reduction in capital receipts is fully funded but includes a borrowing requirement over the five-year period. The Capital Programme includes plans to sell further assets that can be utilised to reduce the overall borrowing requirement for future capital investment decisions.

- Central contingencies – there have been no contingency budgets built into the existing estimates. This means that any unforeseen expenditure that cannot be contained within existing budgets will require a supplementary estimate to cover any costs. The budget proposals will significantly limit the capability to deal with any of these events and these may have to be found from within other budgets and reserves should the need arise.

3. Adequacy of Reserves

The level and usage of the Council's Reserves is undertaken annually as part of the Medium-Term Financial Plan.

The appropriateness of the level of reserves can only be judged in the context of the Council's longer-term plans and an exercise has been undertaken to review the level of reserves through the use of a risk assessment matrix. The findings of this exercise suggested that the minimum level should be set at £3.1million as a prudent level of General Fund Reserves which will be required as a general working capital/ contingency to cushion the Council against unexpected events and emergencies.

The Councils policy on reserves is that wherever possible reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit and steps taken to address the situation in the following years. The Executive sets out in its Budget Discipline and Saving Strategy on how it expects Officers to address the 2021/22 budget pressures in setting the 2021/22 budget and principles to be adopted when preparing the 2022/23 budget cycle.

Based on current projections, Council Reserves will be maintained at prudent levels. It is accepted that the level of reserves is reliant on the delivery of the transformation savings and achievement of income targets and government funding.

Minimum reserve levels will continue to be monitored closely and will be dependent upon the final outcome of the devolvement of 75% business rates to local authorities and the fair funding review and any risks associated with this devolvement.

4. Determination of Borrowing

The new Prudential Accounting regime enables the Council to borrow subject to meeting criteria of affordability. The draft Prudential Indicators have been established and these will be finalised for Council approval once decisions on the overall Capital Programme have been made.

For the period under review the need for borrowing will be kept under consideration and will be dependent on the level of capital receipts being generated and the potential of future capital projects. Due to projects currently under consideration, the capital programme for 2021/22 to 2025/26 will require the use of Prudential Borrowing (including internal borrowing) to sustain levels depending on the levels of capital receipts that can be generated in the future. If borrowing is required, full option appraisals will be carried out.

SECTION G – GLOSSARY OF TERMS

BUDGET

- **GROSS** – the total cost of providing the council's services before taking into account income from service related government grants and fees and charges for services.
- **NET** – the Council's gross budget less specific government grants and fees and charges, but before deduction the settlement funding assessment and other funding from reserves.
- **ORIGINAL BUDGET** – the budget for a financial year approved by the council before the start of the financial year.
- **REVISED BUDGET** – an updated revision of the budget for a financial year.
- **NET BUDGET REQUIREMENT FOR COUNCIL TAX PURPOSES** – the estimated revenue expenditure on general fund services that needs to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

CAPITAL EXPENDITURE - Expenditure on the acquisition of a fixed asset or expenditure, which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL RECEIPTS – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within rules set down by the government, but they cannot be used to finance revenue expenditure.

CONTINGENCY – money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

COUNCIL TAX – the main source of local taxation to local authorities. Council tax is levied on households within its area by the billing authority and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

DISABLED FACILITIES GRANT (DFG) – individual government grants towards capital spending on providing disabled adaptations to housing.

EXECUTIVE- consists of elected Members appointed by the Leader of the Council to carry out all of the local authority functions which are not the responsibility of any other part of the local authority.

FEES AND CHARGES – income raised by charging users of services for the facilities.

INTEREST RECEIPTS – the money earned from the investment of surplus cash.

NATIONAL NON-DOMESTIC RATE (NNDR) - this is a levy on businesses, based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy. Also known as 'business rates', the 'uniform business rate' and the 'non-domestic rate'.

NON-RECURRING EXPENDITURE – items which are in a budget for a set period of time.

PRECEPT – the levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

- **PRECEPTING AUTHORITIES** – those authorities which are not billing authorities, ie do not collect the council tax and non-domestic rate. County councils, police authorities and joint authorities are ‘major precepting authorities’ and parish, community and town councils are ‘local precepting authorities’.

RESERVES – amounts set aside in one year to cover expenditure in the future, which all Authorities must maintain as a matter of prudence. Reserves can either be earmarked for specific purposes or general.

RETAINED BUSINESS RATES - collected by billing authorities on behalf of central government and the precepting authorities (Central Government, County Councils and Billing Authority) and redistributed in accordance with a prescribed formula set by the MHCLG taking into account top up and tariffs.

REVENUE EXPENDITURE – day to day running costs of the Authority, including employee costs, premises costs and supplies and services.

SENIOR MANAGEMENT TEAM (SMT) – a group of senior officers consisting of the Chief Executive, Deputy Chief Executive and Directors.

SUPPLEMENTARY ESTIMATE – an amount, which has been approved by the authority, to allow spending to be increased above the level of provision in the original or revised budget.

TAXBASE – the number of Band D equivalent properties within each Local Authority area used to determine the RSG by the DCLG and to calculate the Council Tax yield by each authority.

VIREMENT – the permission to spend more on one budget head when this is matched by a corresponding reduction on some other budget head i.e. a switch of resources between budget heads. Virement must be properly authorised by the appropriate committee or by officers under delegated powers.

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 13 JANUARY 2021

**EX.06/21 **EXECUTIVE RESPONSE TO THE BUDGET CONSULTATION AND
RECOMMENDATIONS FOR THE 2021/22 BUDGET**
(Key Decision – KD.25/20)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules,
The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Scrutiny Panel Business and Transformation

Subject Matter

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder referred to the Executive's Budget Proposals for 2021/22 (13 January 2021), copies of which were circulated at the meeting.

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder acknowledged the exceptionally difficult time for the City, as a result the Executive had kept the Council Tax changes as low as possible whilst maintaining the services the people of Carlisle relied on.

The Executive budget proposals recommended a 50p per month increase for band D properties and, taking into account consultation responses, recommended that £60,000 be spent on environmental clean-up and enforcement to make Carlisle a better place to live.

The Economy, Enterprise and Housing Portfolio Holder endorsed the Deputy Leader's, and Finance, Governance and Resources Portfolio Holder comments and drew attention to the major investment and large projects which were being planned which would help the City recover after the pandemic.

The Environment and Transport Portfolio Holder made assurances that the climate change strategy and action plan, when agreed, would be fully integrated into the work of the Council and grant funding would be sought to move the agenda forward.

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder moved the recommendation that the Executive Budget Proposals for 2021/22 be forwarded to the City Council for approval on 2 February 2021.

In seconding the recommendation the Leader thanked the Corporate Director of Finance and Resources and her team for their diligent work in such difficult circumstances.

Summary of options rejected A number of options which had been considered as part of the Council's 2021/22 budget deliberations as identified in various reports

DECISION

That the Executive Budget Proposals for 2021/22, attached as Appendix D, be forwarded to the City Council for approval on 2 February 2021.

Reasons for Decision

To produce the Executive's budget proposals for 2021/22 for recommendation to the City Council.

Mental Health (crisis) Support :

To provide a grant of £15,000 to support the work of Carlisle Eden Mind and help to meet the increasing demand for their mental health crisis support services, including the possible expansion of the Lighthouse crisis service. The proposal is to be funded from the 2021/22 allocation of Covid-19 funding provided in the Local Government Finance Settlement.

This budget amendment will assist Carlisle Eden Mind, not only in meeting the increased demand due to the impact of Covid on Carlisle residents' mental health but will also act as match funding for applications and bids to other funding bodies to meet essential demand for support.

This amendment also supports this Council's commitment to improving mental health and wellbeing and support the NHS Every Mind Matters campaign.

Proposed by: Cllr L Brown
Seconded by: Cllr J Whalen

Corporate Director of Finance and Resources Comments and Impact on the Executive's budget proposals:

The consequences of accepting this amendment will not have any impact on overall Council resources in 2021/22.

The proposal has no impact on the level of Council Tax increase proposed by the Executive.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2021/22 as set out in Minute EX06/21:

Schedule 2 – Proposed Budget Reductions

- There would be an increase in the overall level of Non-Recurring Budget reductions of £15,000 for 2021/22, increasing from £739,000 to £754,000

Schedule 4 – Non-Recurring Budget Increases

- There would be an increase in the overall level of Non-Recurring Budget increases of £15,000 for 2021/22, increasing from £777,000 to £792,000.

Procedure Note:

The financial effect of each **individual** amendment is as set out in the amendment presented. However, if Council proposed any **combination** of amendments to the Executive budget proposals, then there would be a cumulative effect on the budget and reserves.

Before any amendment is voted on, the Council will give the Corporate Director of Finance and Resources an opportunity to address the meeting to explain, if necessary, the effect of the proposed amendment under consideration and the cumulative impact of any previous amendments before the vote is taken. They may also agree to an adjournment to enable Members to consider the Corporate Director of Finance and Resources advice prior to the vote on any amendment.

The procedure, should any amendment be carried, is set out in full at Agenda Item 6 (4) paragraph 3.8 to 3.10.

Removal of Rats in domestic properties charge:

It is proposed to remove the charge for treatment of rats in domestic properties. We believe that now is not the time for the introduction of this new charge with the financial difficulties' households are currently encountering with COVID. We therefore ask the Executive to reconsider the implementation of this charge for 2021/22 and fund the income shortfall from Revenue Reserves.

Proposed by: Cllr Betton

Seconded by: Cllr Tinnion

Corporate Director of Finance and Resources Comments and Impact on the Executive's budget proposals:

The pest control service has a history of not achieving its income targets. The implementation of this charge is seen as a way to ensure the income target can be met. If the charge had not been implemented there would continue to be a shortfall of income and a pressure on the Council's Revenue budget.

The proposed charge is expected to bring in additional income of between £19,000 and £28,000, therefore an estimate of £25,000 is used as the basis for this amendment.

The consequences of accepting this amendment is that there will be an increase in the Council's non-recurring revenue budget for 2021/22 of £25,000 to support the proposal. There will be an equivalent reduction in the level of overall Council reserves.

The proposal has no impact on the level of Council Tax increase proposed by the Executive.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2021/22 as set out in Minute EX06/21:

Schedule 4 – Non-Recurring Budget Increases

- There would be an increase in the overall level of Non-Recurring Budget increases of £25,000 for 2021/22, increasing from £777,000 to £802,000 in 2021/22.

Schedule 5 – Summary Net Budget Requirement

- Total Revenue Expenditure would increase by £25,000 in 2021/22.
- Contributions from Reserves for non-recurring commitments would increase by £25,000 from £72,000 to £97,000 in 2021/22.

Schedule 10 – Useable Reserve Projections

- There would be a decrease in the level of General Fund/Projects Reserve projections of £25,000 in 2021/22 leaving total reserves at £3.115 million by 2025/26.

Procedure Note:

The financial effect of each **individual** amendment is as set out in the amendment presented. However, if Council proposed any **combination** of amendments to the Executive budget proposals, then there would be a cumulative effect on the budget and reserves.

Before any amendment is voted on, the Council will give the Corporate Director of Finance and Resources an opportunity to address the meeting to explain, if necessary, the effect of the proposed amendment under consideration and the cumulative impact of any previous amendments before the vote is taken. They may also agree to an adjournment to enable Members to consider the Corporate Director of Finance and Resources advice prior to the vote on any amendment.

A.1(B)(2)

The procedure, should any amendment be carried, is set out in full at Agenda Item 6 (4) paragraph 3.8 to 3.10.

Report to Executive

Agenda
Item:

A.1(B)
(3)

Meeting Date: 15 February 2021
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Considered under general exception
Within Policy and Budget Framework YES
Public / Private Public

Title: CONSIDERATION OF BUDGET AMENDMENTS 2021/22
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD60/20

Purpose / Summary:

This report seeks to assist the Executive to respond to the proposed budget amendments carried by Council on 2 February 2020. Executive are asked to reconsider their budget proposals in light of these amendments and respond with their considerations at Council on 17 February 2021.

Recommendations:

The Executive is requested to consider the proposed budget amendments carried by Council on 2 February and make recommendations to Council on 17 February 2021 in respect of the following:

- (i) Removal of the charge for treatment of rats in domestic properties and reduce the income budget for pest control as a result of this by £25,000 for 2021/22, funded from the projects reserve.
- (ii) Provide a grant of £15,000 to Carlisle and Eden MIND to be funded from the 2021/22 COVID-19 government grant allocation.

Tracking

Executive:	15 February 2021
Council:	17 February 2021

1. INTRODUCTION

The Executive budget proposals for 2021/22 to 2025/26 were approved by the Executive at its meeting of 13 January for consideration at full Council at its meeting on 2 February.

At its meeting on 2 February, the Council debated five amendments to the budget proposals and a recorded vote carried two amendments unanimously in respect of removal of the charge for treatment of rats in domestic properties and the provision of a grant to Carlisle and Eden MIND.

2. REMOVAL OF CHARGE FOR TREATMENT OF RATS IN DOMESTIC PROPERTIES

This amendment would remove the charge for treatment of rats in domestic properties in 2021/22. It was stated that “now is not the time for the introduction of this new charge with the financial difficulties’ households are currently encountering with COVID”, and the Executive were asked to reconsider the implementation of this charge for 2021/22 and fund the income shortfall from Revenue Reserves. **Costing £25,000, this amendment will be non-recurring and will be funded from the projects reserve for 2021/22.**

3. MENTAL HEALTH (CRISIS) SUPPORT

This amendment would provide a grant of £15,000 to support the work of Carlisle Eden Mind and help to meet the increasing demand for their mental health crisis support services, including the possible expansion of the Lighthouse crisis service. **This amendment is to be funded from the 2021/22 allocation of Covid-19 funding provided in the Local Government Finance Settlement.**

4. FINANCIAL IMPACT ON THE EXECUTIVE’S BUDGET PROPOSALS

Acceptance of these amendments will have the following impact on the Executive’s budget proposals:

Schedule 2 – Proposed Budget Reductions

- There would be an increase in the overall level of Non-Recurring Budget reductions of £15,000 for 2021/22, increasing from £739,000 to £754,000.

Schedule 4 – Non-Recurring Budget Increases

- There would be an increase in the overall level of Non-Recurring Budget increases of £40,000 for 2021/22 from £777,000 to £817,000.

Schedule 5 – Summary Net Budget Requirement

- Total Revenue Expenditure would increase by £25,000 in 2020/21.
- Contributions from Reserves for non-recurring commitments would increase by £25,000 to £97,000 in 2021/22.

Schedule 10 – Useable Reserve Projections

- There would be a decrease in the level of General Fund/Projects Reserve projections of £25,000 by 2025/26.

	Projected 31 March 2022 £000	Projected 31 March 2023 £000	Projected 31 March 2024 £000	Projected 31 March 2025 £000	Projected 31 March 2026 £000
Original Total General Fund Reserves	(3,194)	(2,953)	(2,947)	(3,026)	(3,140)
Amended Total General Fund Reserves	(3,169)	(2,928)	(2,922)	(3,001)	(3,115)

5. BUDGET PROPOSALS FOR COUNCIL

Members are reminded that, at the time of writing this report, whilst provisional figures are included in the budget, there are several issues still to be finalised or confirmed. If received, these will be included within the Executive's budget proposals tabled on 15th February, and details provided for the Council meeting in February and/or March. Any minor changes will be funded from appropriations to/from revenue reserves; however, the Council's Savings Strategy and target may need to be revisited to accommodate any changes which are deemed to be significant.

6. CONSULTATION

The Executive's budget proposals were considered by Council on 2 February 2021 following consultation with Scrutiny Panels and the public.

7. RECOMMENDATIONS

The Executive is requested to consider the proposed budget amendments carried by Council on 2 February and make recommendations to Council on 17 February 2021 in respect of the following:

- Removal of the charge for treatment of rats in domestic properties and reduce the income budget for pest control as a result of this by £25,000 for 2021/22, funded from the projects reserve.
- Provide a grant of £15,000 to Carlisle and Eden MIND to be funded from the 2021/22 COVID-19 government grant allocation.

8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

To ensure that a balanced budget is set.

Contact Officer: Steven Tickner

Ext: 7280

**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – The Council has a fiduciary duty to manage its resources properly and for the benefit of its community. In doing so it is required to take account of the advice it receives from its chief finance officer, the Corporate Director of Finance and Resources. The Council must have a balanced budget to deliver its services and also achieve and sustain an appropriate level of reserves.

PROPERTY – not applicable

FINANCE – Contained within the body of the report

EQUALITY – not applicable

INFROMATION GOVERNANCE – not applicable

Report to Executive

Agenda
Item:
A.1(B)
(4)

Meeting Date: 17th February 2021
Portfolio: Health and Wellbeing
Key Decision: No
Within Policy and Budget Framework Yes
Public / Private Public

Title: MENTAL HEALTH (CRISIS) SUPPORT
Report of: DEPUTY CHIEF EXECUTIVE
Report Number: CS 14/21

Purpose / Summary: This report confirms the proposed amendment to the Council budget for 2021/22 to allocate a £15,000 grant to Carlisle and Eden Mind.

Recommendations:

The Executive are asked to confirm if the budget for 2021/22 is to incorporate the proposed amendment.

Tracking

Executive:	
Scrutiny:	
Council:	

1. BACKGROUND

- 1.1. The amendment proposed to provide a grant of £15,000 to support the work of Carlisle Eden Mind and help to meet the increasing demand for their mental health crisis support services, including the possible expansion of the Lighthouse crisis service.
- 1.2. The amendment suggested that the proposal should be funded from the 2021/22 allocation of Covid-19 funding provided in the Local Government Finance Settlement.
- 1.3. The amendment was unanimously approved

2. RECOMMENDATION

- 2.1. The Executive are asked to confirm if the budget for 2021/22 is to incorporate the proposed amendment.

3. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 3.1. *“improve the health, wellbeing and economic prosperity of the people of Carlisle.”*

Contact Officer: Darren Crossley

Ext: 7120

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS:

LEGAL –

FINANCE – The proposal amendment has no impact on the level of Council Tax increase proposed by the Executive nor any impact on overall Council resources and reserves in 2021/22.

EQUALITY –

INFORMATION GOVERNANCE –

Executive

**Agenda
Item:**

**A.1(B)
(5)**

Meeting Date: 15 February 2021
Portfolio: Environment and Transport
Key Decision: No
Policy and Budget Framework: Yes
Public / Private: Public

Title: Charges for Rat Treatments in Domestic Properties – Budget Amendment
Report of: Corporate Director of Governance & Regulatory Services
Report Number: GD.20/21

Purpose / Summary:

On 14 December 2021 the Executive considered Report GD.48/20 (amended) and resolved to introduce a charge for the treatment for rats in domestic properties (Min ref EX.144/20). This Report deals with a proposed amendment to the Executive's Budget Proposal to not introduce the said charge.

Recommendations:

That the Executive resolve one of the two following options:

- a. For the reasons set out in GD.48/20 (amended) the Executive reaffirm the charge for rat treatments in domestic properties.; or
- b. The Executive no longer wishes to impose a charge and resolves:
 - a. To not impose a charge for the treatment for rats in domestic properties for 2021/22; and
 - b. Recommend to Council in its Budget Proposal on 17 February that the income target for the service area is reduced by £25,000 for 2021/22.

Tracking

Executive:	15 February 2021
Scrutiny:	
Council:	17 February 2021

1. BACKGROUND

- 1.1 On 14 December 2021 the Executive considered Report GD.48/20 (amended) and resolved to introduce a charge for the treatment for rats in domestic properties (Min ref EX.144/20). On 2 February 2021 the Council agreed an amendment to the Executive's proposed budget as follows (including advice from the Corporate Director of Finance & Resources):

Removal of Rats in domestic properties charge:

It is proposed to remove the charge for treatment of rats in domestic properties. We believe that now is not the time for the introduction of this new charge with the financial difficulties' households are currently encountering with COVID. We therefore ask the Executive to reconsider the implementation of this charge for 2021/22 and fund the income shortfall from Revenue Reserves.

Corporate Director of Finance and Resources Comments and Impact on the Executive's budget proposals:

The pest control service has a history of not achieving its income targets. The implementation of this charge is seen as a way to ensure the income target can be met. If the charge had not been implemented there would continue to be a shortfall of income and a pressure on the Council's Revenue budget.

The proposed charge is expected to bring in additional income of between £19,000 and £28,000, therefore an estimate of £25,000 is used as the basis for this amendment.

The consequences of accepting this amendment is that there will be an increase in the Council's non-recurring revenue budget for 2021/22 of £25,000 to support the proposal. There will be an equivalent reduction in the level of overall Council reserves.

The proposal has no impact on the level of Council Tax increase proposed by the Executive.

The proposal has no impact on the Capital Programme proposed by the Executive.

The amendment will result in the following main changes to the Executive's Revenue Budget proposals for 2021/22 as set out in Minute EX06/21:

Schedule 4 – Non-Recurring Budget Increases

- There would be an increase in the overall level of Non-Recurring Budget increases of £25,000 for 2021/22, increasing from £777,000 to £802,000 in 2021/22.

Schedule 5 – Summary Net Budget Requirement

- Total Revenue Expenditure would increase by £25,000 in 2021/22.
- Contributions from Reserves for non-recurring commitments would increase by £25,000 from £72,000 to £97,000 in 2021/22.

Schedule 10 – Useable Reserve Projections

- There would be a decrease in the level of General Fund/Projects Reserve projections of £25,000 in 2021/22 leaving total reserves at £3.115 million by 2025/26.

2. PROPOSALS

- 2.1** The setting of charges for rat treatments in domestic properties is an Executive Function and the setting of income targets is a Council function through the budget process. The options open to the Executive are as follows:
- c. For the reasons set out in GD.48/20 (amended) it may reaffirm its wish to charge for rat treatments in domestic properties. In this case no action is necessary other than to assert this position at the Council Meeting on 17 February.
 - d. The Executive may wish to reconsider its decision to impose a charge for the treatment for rats in domestic properties in the light of the Council's stated position. If the Executive no longer wishes to impose a charge then it should resolve:
 - a. To not impose a charge for the treatment for rats in domestic properties for 2021/22; and
 - b. Recommend to Council in its Budget Proposal on 17 February that the income target for the service area is reduced by £25,000 for 2021/22.

3. RISKS

- 3.1** The risks to the Council are set out in the comments by the Corporate Director of Finance & Resources.

4. CONSULTATION

4.1 Council has, via the Budget Process, been consulted and expressed its view.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 For the reasons set out in the Report, the Executive should resolve either as set out in 2.1(a) or 2.1(b).

Contact Officer:

Mark Lambert

Ext: 7019

Appendices

attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS:

LEGAL – In accordance with the Local Authorities (Standing Orders) (England) Regulations 2001, the setting of charges is an Executive Function. The setting of the Council's Budget is a matter reserved to Council.

PROPERTY SERVICES – None.

FINANCE – Contained within the main body of the report.

EQUALITY – None.

INFORMATION GOVERNANCE – None.