

AGENDA

Executive

Monday, 17 August 2020 AT 16:00

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

Register of Attendance and Declarations of Interest

A roll call of persons in attendance will be taken and, at the same time, 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 MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2025/26

7 - 52

(Key Decision - KD.15/20)

Pursuant to Minute EX.69/20, the Corporate Director of Finance and Resources to submit a report seeking consideration of the Council's Medium Term Financial Plan which will inform the budget process. The Business and Transformation Scrutiny Panel scrutinised the matter on 23 July 2020.

(Copy Report RD.09/20 (amended) and Minute Excerpt herewith)

A.2 CAPITAL INVESTMENT STRATEGY 2021/22 TO 2025/26

**53 -
84**

(Key Decision - KD.15/20)

Pursuant to Minute EX.70/20, the Corporate Director of Finance and Resources to submit a report seeking consideration of the Council's Capital Investment Strategy which is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2021/22 to 2025/26. The Business and Transformation Scrutiny Panel scrutinised the matter on 23 July 2020.

(Copy Report RD.08/20 (amended) and Minute Excerpt herewith)

A.3 ASSET MANAGEMENT PLAN 2021-2026

**85 -
106**

(Key Decision - KD.13/20)

Pursuant to Minute EX.71/20, the Corporate Director of Governance and Regulatory Services to submit a report on the Council's Asset Management Plan 2021-2026. The Business and Transformation Scrutiny Panel scrutinised the matter on 23 July 2020.

(Copy Report GD.37/20 and Minute Excerpt herewith)

A.4	<u>LED FOOTWAY LIGHTING INSTALLATION</u>	107 - 110
	(Key Decision - KD.20/20)	
	The Corporate Director of Governance and Regulatory Services to submit a report seeking the release of funding of £203,100 to enable 1073 existing footway light units to be replaced with LED lights.	
	(Copy Report GD.36/20 herewith)	
A.5	<u>NOTICE OF EXECUTIVE KEY DECISIONS</u>	111 - 120
	(Non Key Decision)	
	The Notice of Executive Key Decisions, published on 17 July 2020, is submitted for information.	
	The Corporate Director of Governance and Regulatory Services was scheduled to report on the Homelessness and Rough Sleeping Strategy 2021-2026 to the 12 October 2020 meeting of the Executive (Key Decision - KD.07/20). The matter is, however, delayed due to COVID-19 - the need to focus on safe management of critical services and increased demand.	
	(Copy Notice herewith)	
A.6	<u>SCHEDULE OF DECISIONS TAKEN BY THE LEADER / PORTFOLIO HOLDERS</u>	121 - 130
	(Non Key Decision)	
	A Schedule detailing decisions taken by the Leader and Portfolio Holders under delegated powers is attached for information.	
	(Copy Schedule herewith)	
	Background Papers - as detailed within the Schedule	
A.7	<u>SCHEDULE OF DECISIONS TAKEN BY OFFICERS</u>	131 - 134
	(Non Key Decision)	
	A Schedule detailing decisions taken by Officers under delegated powers is attached for information.	
	(Copy Schedule herewith)	

Background Papers - as detailed within the Schedule

A.8	<u>JOINT MANAGEMENT TEAM</u>	135 - 136
	(Non Key Decision)	
	The Minutes of the meeting of the Joint Management Team held on 20 July 2020 are submitted for information.	
	(Copy Minutes herewith)	
A.9	<u>REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2020</u>	137 - 162
	(Non Key Decision)	
	The Corporate Director of Finance and Resources to submit a report providing an overview of the Council's overall budgetary position for the period April to June 2020 for revenue schemes only.	
	(Copy Report RD.20/20 herewith)	
A.10	<u>CAPITAL BUDGET OVERVIEW AND MONITORING REPORT: APRIL TO JUNE 2020</u>	163 - 178
	(Non Key Decision)	
	The Corporate Director of Finance and Resources to submit a report providing an overview of the budgetary position of the Council's capital programme for the period April to June 2020.	
	(Copy Report RD.21/20 herewith)	
A.11	<u>TREASURY MANAGEMENT: APRIL TO JUNE 2020</u>	179 - 192
	(Non Key Decision)	
	The Corporate Director of Finance and Resources to submit the regular quarterly report on Treasury Transactions, including the requirements of the Prudential Code.	
	(Copy Report RD.22/20 herewith)	

A.12 CARLISLE SOUTHERN LINK ROAD AGREEMENTS - FINANCIAL IMPLICATIONS **193 - 198**

(Non Key Decision)

The Corporate Director of Finance and Resources to submit a report providing Members with the financial implications on the Council's budgets and the Medium Term Financial Plan, as a result of the Council completing both the Grant Determination Agreement and the Collaboration Agreement, in relation to the Carlisle Southern Link Road on 31 July 2020.

(Copy Report RD.23/20 herewith)

A.13 BUSINESS AND PLANNING ACT 2020 AND CONSTITUTIONAL AMENDMENT RELATING TO DELEGATION OF EMERGING LEGISLATIVE POWERS **199 - 206**

(Non Key Decision)

The Corporate Director of Governance and Regulatory Services to submit a report setting out a proposed scheme of delegation for the decision making powers contained within the Business and Planning Act 2020.

(Copy Report GD.38/20 herewith)

Background Papers:

[Business and Planning Act 2020](#)

[Business and Planning Act Pavement Licences Guidance](#)

PART B

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

- NIL -

Members of the Executive

Councillor J Mallinson (Leader's Portfolio)

Councillor G Ellis (Deputy Leader, and Finance, Governance and Resources Portfolio Holder)

Councillor N Christian (Environment and Transport Portfolio Holder)

Councillor S Higgs (Culture, Heritage and Leisure Portfolio Holder)

Councillor Mrs E Mallinson (Communities, Health and Wellbeing Portfolio Holder)

Councillor P Nedved (Economy, Enterprise and Housing Portfolio Holder)

Enquiries, requests for reports, background papers, etc to: Morag Durham, Democratic Services Officer - morag.durham@carlisle.gov.uk

Notes to Members:

Decisions made at this meeting, if not subject to call-in, will normally become live on 27 August 2020

Report to Executive

**Agenda
Item:**

A.1

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD15/20
Within Policy and Budget Framework YES
Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2021/22 to 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD09/20 (amended)

Purpose / Summary:

The Medium-Term Financial Plan sets out the current framework for planning and managing the Council's financial resources, to develop its annual budget strategy and update its current five-year financial plan. The Plan links the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives. The MTFP will inform the budget process and will be updated for changes when known.

Following consideration by the Executive, final recommendations will be made to Council on 08 September 2020.

Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business and Transformation Scrutiny Panel on the 23 July prior to making recommendations to Council on 08 September 2020.

Tracking

Executive:	20 July 2020
Scrutiny:	23 July 2020
Executive:	17 August 2020
Council:	08 September 2020

1. BACKGROUND

- 1.1 The Medium-Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2021/22 to 2025/26. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 4 February 2020. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.
- 1.3 The MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the impact of leaving the European Union, the financial impact and economic recovery from COVID-19 and also in terms of the Government's wider approach to Public Sector Funding in general and particularly for Local Government Funding.

2. KEY DATES

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Business and Transformation Scrutiny Panel, these will be formally approved by Council on 8 September 2020.
- 2.2 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 9 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.3 Development of the budget consultation documents was undertaken as part of previous year's process with improved visuals produced including a 'Have your say' document. This provided more clarity on the budget pressures the Council faced and assisted stakeholders in their understanding of the budget process.

3. KEY MESSAGES

- 3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:
- Further clarity on the future of local government funding through the Spending Review, Fair Funding Review and any changes to future Business Rate Retention schemes, that may pass on added responsibilities to the Council.
 - Achievement of transformation savings;
 - Further reductions in government grant as part of the Fair Funding Review, e.g. New Homes Bonus, Housing Benefit Admin Grant;
 - Longer term impact of COVID-19
- 3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:
- More commercial and investment opportunities

4. RISKS

- 4.1 The Medium-Term Financial Plan contains risk analysis of the issues that could potentially affect the budget and financial planning position.

5. CONSULTATION

- 5.1 The draft MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 5.2 The Business and Transformation Scrutiny Panel considered the MTFP on 23 July, and recommendations will be made to full Council on 08 September.
- 5.3 The following resolutions were made by BTSP at their meeting on 23 July:
- That the panel had considered and commented upon the draft Medium-Term Financial Plan 2021/22 to 2025/26 (RD.09/20);
 - That the Panel requested that reference is made to the climate emergency in the Medium-Term Financial Plan in the future;

The Panel also made comment as follows:

- That the Panel thanked the Corporate Director of Finance and Resources and her team for the production of the Medium-Term Financial Plan during such uncertain and difficult times;
- That the Panel are included in the development of a commercial strategy;
- That the Corporate Director of Finance and Resources undertake to consider the conditions of redundant bequests and reallocate the funds to suitable community groups or charities;
- That the Finance, Governance and Resources Portfolio Holder circulate a copy of the Council's Hardship Scheme to all Members.

The Executive is asked to consider the resolution and comments of the Panel for inclusion in the MTFP to be approved by Council in September.

- 5.4 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1 The Executive is asked to:

- (i) Comment and consider the comments made by the Business and Transformation Scrutiny Panel on the 23 July prior to making recommendations to Council on 08 September 2020.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Alison Taylor

Ext: 7290

Appendices Appendix 1 – Medium Term Financial Plan 2021/22– 2025/26 attached to report:

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

- None

CORPORATE IMPLICATIONS/RISKS:

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

Finance – Contained within the MTFP

Equality – Corporate Charging Policy includes considerations for the targeting of concessions for named protected characteristic.

Information Governance - There are no Information Governance Implications

Property Services - The Medium-Term Financial Plan links with the Asset Management Plan 2021/22 to 2025/26 to provide details on how the City Council will utilise its property assets to assist with the Council's finances and development new infrastructure for the City.

Medium-Term Financial Plan

Carlisle City Council

2021/22 to 2025/26

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1.0 Introduction

- 1.1 The overarching policy guidelines of the Medium-Term Financial Plan (MTFP) are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -
- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
 - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
 - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
 - Partnership working and funding opportunities will be explored wherever feasible.
- 1.2 The Medium-Term Financial Plan sets out how Carlisle City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces.
- 1.3 Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in order to react effectively to changing situations. The Government's approach to public sector funding beyond 2020/21 in terms of the Review of Local Authorities Relative Needs and Resources, the Business Rate Retention Reform (including pooling arrangements), and the Comprehensive Spending Review, will be a significant factor for the lifespan of this MTFP. The impact of COVID-19 will be one of the most significant risks facing this authority in terms of additional costs, reductions in income, and economic recovery especially in terms of receipts of council tax and business rates income. This impact is likely to extend beyond the current financial year and into 2021/22.
- 1.4 The Medium-Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

2.0 Financial Principles supporting the MTFP

2.1 The key principles to be applied to the MTF are set out by theme below:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision-making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.1m over the life of the MTFP subject to an annual risk assessment (Appendix A);
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Commitment to minimise staff compulsory redundancies;
- Consider the impact of any other Government Budget initiatives e.g. 75% retention of Business Rates, Business Rate Baseline resets, the Fair Funding Review and any Comprehensive Spending Review implications;
- Assess the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;
- Consideration to the use of revenue grants received and held in the Revenue Grants Earmarked Reserve to support the revenue budget;

- Develop and implement a robust savings and additional income plan to close the anticipated £1million per annum funding gap (from 1st April 2021);
- Undertake and implement a base budget review.
- Limit revenue budget bids to those which are unavoidable and which cannot be accommodated within existing base budgets.

Revenue Budget Assumptions:

- *Reduction in overall funding from Business Rates of £1,500,000 for 2021/22 pending notification and implications of revised retentions scheme, pooling arrangements and baseline reset;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 2%.*

Financial Principle 2 – Commercial and Income Generation

- Annual review of the Corporate Charging Policy to identify areas of potential charging and opportunities for increasing income;
- Consider the levels of income achievable as part of Corporate Charging Policy;
- Consider other sources of potential income generation such as advertising and sponsorship;
- Consider the development of a commercialised culture where the charging powers of the organisation are maximised and encouraged;
- Seek to develop investment opportunities to maximise the use of the Council's asset portfolio;
- Develop a commercial strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity;
- Consider the funding strategy with a view to maximising external grants and contributions.

Charging/Income Assumptions:

- *Income from fees and charges currently achieve approximately £5m per annum;*
- *The Corporate Charging Policy assumes that income from fees and charges will increase at 1% above the inflation rate set for expenditure.*

Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;
- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should or can continue for 2021/22 onwards depending upon the outcome of the reset of Business Rate Retention scheme (currently delayed);
- Assessment of the impact of business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief and any additional burdens on councils;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual review and approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a £5 increase per annum (Band D Equivalent) over the lifetime of the MTFP;*
- *Business Rate Retention growth assumed at £900,000 (reduced from £2,400,000 in 2020/21) above the baseline level set by Government pending the reset and re-design of the Business Rate Retention Scheme.*

Financial Principle 4 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions;
- Consider appropriate levels of prudential borrowing that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Treasury Management Assumptions:

- *Rate for refinancing stock issue currently included in MTFP at an assumed rate of 2.7% on a principal and interest loan;*
- *Average investment return assumed at 1.2% for 2021/22.*

Financial Principle 5 – Capital Investment

- As set out in the Capital Investment Strategy;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts (including from Asset Disposal Programme) and includes a borrowing requirement to fund the planned programme.*

3.0 Links to other Strategies

3.1 The Carlisle Plan

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

3.1.2 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.

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

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

4.0 Revenue Budget Forecasts

4.1 Current Budget Forecast

4.1.1 The Council has well established mechanisms in place for forecasting resources and expenditure over a five-year planning period. Projections will inevitably change over the period of the plan and these forecasts are updated as part of the detailed budget process.

4.1.2 The Council approved the current forecast for the period 2020/21 to 2024/25 in February 2020 and updated for the 2019/20 outturn position and details are shown below together with the base estimate figures for 2025/26.

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
14,527	Total Recurring Expenditure	12,507	12,528	12,753	12,947	13,170
	Non Recurring Revenue Expenditure					
(685)	Existing Commitments	(36)	(45)	0	0	0
811	Carry Forward	0	0	0	0	0
14,653	Total Revenue Expenditure	12,471	12,483	12,753	12,947	13,170
	Less Contributions (from)/to Reserves:					
(1,141)	Recurring Commitments Sub Total	(287)	16	121	263	382
(126)	Non Recurring Commitments - Existing Commitments	36	45	0	0	0
13,386	Total City Council Budget requirement	12,220	12,544	12,874	13,210	13,552
688	Parish Precepts	705	723	741	760	779
14,074	Projected Net Budget Requirement for Council Tax purposes	12,925	13,267	13,615	13,970	14,331

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

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	12,220	12,544	12,874	13,210	13,552
688	- Parishes	705	723	741	760	779
14,074	Total	12,925	13,267	13,615	13,970	14,331
	Funded by:					
(7,487)	- Council Tax Income	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)
(3,335)	- Retained Business Rates	(3,513)	(3,583)	(3,655)	(3,728)	(3,803)
(2,400)	- Business Rate Growth/Pooling	(900)	(900)	(900)	(900)	(900)
(134)	-Business Rate Multiplier Grant	0	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	(12,925)	(13,267)	(13,615)	(13,970)	(14,331)
£ 217.20	City Council Tax Band D Council Tax	£ 222.20	£ 227.20	£ 232.20	£ 237.20	£ 242.20
£5.00 2.36%	Increase over Previous year: £ %	£ 5.00 2.30%	£ 5.00 2.25%	£ 5.00 2.20%	£ 5.00 2.15%	£ 5.00 2.11%

Table 1b: Summary Budget Position (Funding)

4.1.3 The assumptions built into the MTFP that form part of the figures above are detailed at section 7.

4.2 Funding Prospects

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment which comprises of the Business Rates baseline funding level and information on tariffs and top ups. Although the Government set the Business Rates Baseline, the actual funding is received via the Non- Domestic Rates income the Council collects.

4.2.2 As well as the core funding as agreed in the Settlement Funding Assessment, the Council is also the recipient of other support from central government in the form of specific grants. These are included in the budget as income rather than funding and are linked to specific schemes or services. Further details of grants included in the MTFP are given at section 6.3.

4.2.3 Spending Review

The Chancellor announced on 24th March that the Comprehensive Spending Review 2020 would be delayed to enable the government to remain focused on responding to the public health and economic emergency. Therefore, the Spending Review for 2020, that would have announced the overall funding available to Local Government for the next few years will be deferred until 2021. The government have said they will continue to work with councils on the best approach to the next financial year, and the approach to the 2021/22 local government finance settlement. This means that there will be again, only a 1-year settlement for 2021/22 and will also mean the deferring of the implementation of the Fair Funding Review and Business Rate Retention reset (outlined below). **This will increase uncertainties in the Medium-Term Financial Plan with a further delay to future funding and the implications it will have on the Council.**

4.2.4 Fair Funding Review & Business Rate Retention

The Government have also confirmed that the Review of Relative Needs and Resources ('Fair Funding Review') and 75% Business Rate Retention will no longer be implemented in 2021/22. The Government will keep an open dialogue with local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth and potentially including a reset of the business rate base and the approach to the 2021/22 local government finance settlement. On the latter point, it is understood that this means that some form of a reset of retained business rates next year has not been ruled out. In the longer-term, the Secretary of State reiterated his commitment to reforms.

Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2020/21. The Fair Funding Review will also have an impact on and be impacted by revisions to the Business Rates Retention system and also specific grants awarded by central government e.g. New Homes Bonus and Housing Benefit Administration Grant.

4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the

MTFP as part of the Growth/Pooling amount anticipated of £2,400,000 for 2020/21 falling to £900,000 for 2021/22. **However, uncertainty about the future retained business rates scheme beyond 2020 means that there may be resets to the scheme that could erode any additional income above baseline levels that have been built up under the previous scheme. Until full details of a future scheme are known it is prudent not to over-estimate any future income from business rates.**

Due to the deferral of the 75% Business Rates Retention Scheme, the Council continued to participate in the Cumbria Business Rates Pool, during 2020/21, which enables the County and the Council to retain more of the growth it generates. Given that the Retention Scheme has been deferred again, the specific impact on Carlisle is yet to be understood, but any proposals will likely come with an understanding that local authorities will have to take on additional responsibilities (e.g. absorbing some current one-off grants such as Housing Benefit Administration Grant), which may mean additional cost pressures.

4.2.6 The summary of funding included in the Medium-Term Financial Plan is as follows:

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Business Rates Baseline % Change	(3,335)	(3,513) 5%	(3,583) 2%	(3,655) 2%	(3,728) 2%	(3,803) 2%
Rates Growth/Pooling % Change	(2,400)	(900) -63%	(900) 0%	(900) 0%	(900) 0%	(900) 0%
Total Funding	(5,735)	(4,413)	(4,483)	(4,555)	(4,628)	(4,703)

Table 2: Funding

4.2.7 Council Tax

The MTFP includes Council Tax increases from 2021/22 onwards at £5 per Band D equivalent.

The MTFP assumes an increase in the taxbase of 1.00% per year and the City Council's share of the Collection Fund Surplus is assumed to be a recurring £50,000.

Any increase in the tax base as a result of new housing developments and/or population increases will also mean a requirement to provide services to those households. Although there will be an increase in the amount of funding received through Council Tax, there will also be a cost of providing council services. Further work on the net unit cost of providing services for new developments and population growth will be undertaken during this budget process.

The MTFP also assumes continuation of the statutory Council Tax Reduction Scheme (CTRS) as the Council's localised scheme. Any support provided through the Council Tax Reduction Scheme will be fully funded by all the main preceptors on the Collection Fund i.e. the Council, the County Council and the Police & Crime Commissioner. Consideration will need to be given as to whether this scheme is to be continued in the same format or incorporate changes to the level of support provided.

	Budget	Forecasts				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax Base	34,468.61	34,911.93	35,261.05	35,613.66	35,969.80	36,329.50
% Change		1.29%	1.00%	1.00%	1.00%	1.00%
	£000	£000	£000	£000	£000	£000
Council Tax Surplus	(30)	(50)	(50)	(50)	(50)	(50)
% Change		67%	0%	0%	0%	0%
Band D Council Tax	217.20	222.20	227.20	232.20	237.20	242.20
% Change		2.30%	2.25%	2.20%	2.15%	2.11%
Total Yield	(7,487)	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)

Table 3: Council Tax

The recent comprehensive funding package announced by the Government refers to:

- A phased recovery of Collection Fund deficits over the next 3 years;

- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

However, until final details are provided the impact on the MTFP cannot be assessed.

A significant risk relates to how the expected overall increase in CTRS claimants (as a result of COVID-19), and the associated cost of CTRS relief, will be funded and be provided to the Council. An increase in claimants directly impacts on the council tax base and ultimately the yield from council tax.

4.3 **Efficiency Strategy**

4.3.1 In order to ensure the Council maintains a minimum level of reserves to the end of the MTFP period, efficiencies are required throughout the period of the plan. The efficiency strategy will concentrate on the following areas:

- 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 CFR
- 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 and outcome based budgeting and other appropriate budget disciplines.

The recent Peer Review has recommended 3 actions which Members may wish to consider as part of this Savings Strategy:

- Develop a commercial strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity;

- Develop and implement a robust savings and additional income plan to close the anticipated £1million per annum funding gap (from 1st April 2021);
- Undertake and implement a base budget review.

4.3.2 The savings currently included in the MTFP total £1million on a recurring basis increasing by a further £850,000 on a recurring basis:

	Cumulative savings required £	In year savings required £
2020/21	0	0
2021/22	1,000,000	1,000,000
2022/23	1,000,000	0
2023/24	1,850,000	850,000
2024/25	1,850,000	0
2025/26	1,850,000	0

Table 4: Savings

4.3.3 Further savings will be dependent upon future funding settlements, Council Tax increases and changes to income and expenditure levels (pressures and savings) that are outwith the current Medium-Term Financial Plan. Savings will be profiled in the most effective way to ensure that they are achievable, timely and ensure reserves are not adversely affected.

5.0 Provisions, Reserves & Balances

5.1 The Council holds balances in order to meet future commitments. The Council policy on the use of reserves is as follows:

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

5.2 General Fund

5.2.1 Having undertaken a risk assessment considering the risks and working balances required, the balance on the General Fund reserve indicates that this should broadly equal £3.1m as a prudent level. The risk-based assessment of the appropriate level of this reserve is carried out as part of the budget process and the current assessment is shown at **Appendix A**, which will be updated during this budget process. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes retention of business rates.

5.2.2 If the balance in the short-term falls below minimum levels, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.

5.2.3 If the balance in the short-term exceeds minimum levels then the surplus will be transferred to the Council's Project Reserve.

5.3 **Earmarked Reserves**

5.3.1 Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.

5.3.2 For each earmarked reserve there will be a clear protocol in place setting out:

- The purpose of the reserve.
- How and when the reserve can be used.
- Procedures for the management and control of the reserve.
- Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Council.

(Further details of this are shown at **Appendix B**)

5.3.3 The revenue reserves the Council currently holds are as follows:

	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000
General Fund Reserve	3,100	2,431	2,180	2,241	2,362	2,625
Projects Reserve	836	0	0	0	0	0
Carry Forward Reserve	654	632	632	632	632	632
	4,590	3,063	2,812	2,873	2,994	3,257
<u>Revenue Earmarked Reserves</u>						
Flood Reserve	1,948	4	4	4	4	4
Cremator Reserve	1,080	1,111	1,111	1,111	1,111	1,111
City Centre Reserve	5	5	5	5	5	5
Planning Services Reserve	196	182	182	182	182	182
Prosecutions Reserve	36	36	36	36	36	36
Waverley Viaduct Reserve	30	30	30	30	30	30
Revenue Grants Reserve	1,939	1,495	1,495	1,495	1,495	1,495
Apprentices Reserve	78	78	78	78	78	78
Building Control Reserve	100	100	100	100	100	100
	5,412	3,041	3,041	3,041	3,041	3,041
Total Revenue Reserves	10,002	6,104	5,853	5,914	6,035	6,298

Table 5: Revenue Reserves

5.3.4 The MTFP does not assume any use of earmarked reserves.

5.3.5 As well as revenue earmarked reserves, the Council also holds a small number of earmarked reserves for capital purposes. These are as follows:

	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000
Capital Earmarked Reserves						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	136	113	113	113	113	113
Lanes Capital Reserve	75	90	105	120	135	150
Total Capital Reserves	211	203	218	233	248	263

Table 6: Capital Earmarked Reserves

5.4 **Provisions**

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

5.5 **Charitable and Other Bequests**

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

5.6 **The Responsibilities of the Corporate Director of Finance and Resources**

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

required to either the policy or protocols associated with specific reserves.

5.7 **Planned Use of Reserves**

- 5.7.1 When the budget was set in February 2020, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2019/20 now confirmed, the General Fund Reserve and Projects Reserve has been updated as shown in Table 5 above.
- 5.7.2 The reserves position is also subject to the savings required (as in Table 4) being met as scheduled. Any slippage on savings or any savings made in advance will impact on the contributions to and from reserves.

6.0 Income

6.1 Fees & Charges

6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.

6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.

6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.

6.1.4 The main areas of fee generating income are shown in the table below:

	2018/19 Actual £000	2019/20 Actual £000	2020/21 Budget £000
Parking	(1,195)	(1,088)	(1,095)
Bereavement Services	(1,596)	(1,713)	(1,615)
Development Control	(689)	(435)	(602)
Total	(3,480)	(3,236)	(3,312)

Table 7: Main areas of Income

6.2 Property Rentals

6.2.1 Income received from property rentals is in the region of £4.1 million per annum.

6.2.2 The yield from property rentals included in the MTFP is shown in the following table: -

	2018/19 Actual £000	2019/20 Actual £000	2020/21 Budget £000
The Lanes	(1,080)	(1,028)	(950)
The Market	(132)	(68)	(88)
Industrial Estates	(2,784)	(2,662)	(2,596)
Misc Properties	(363)	(393)	(484)
Total	(4,359)	(4,151)	(4,118)

Table 8: Property Income

6.2.4 The MTFP makes no provision for additional rental income from assets via rent reviews.

6.3 **Grants & Contributions**

The Council receives grants from various sources as part of its overall funding. Some of these grants are given as part of the Settlement Funding Assessment by MHCLG and as such, these are budgeted only when notification is received.

6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council used to receive an allocation of funding under the scheme each year and each allocation lasted for four years. However, as part of the Local Government Finance Settlement for 2020/21 indicative figures were provided for one year only (with no legacy payments being made in subsequent years) with any new funding beyond 2020/21 being subject to the 2020 Spending Review with possible revisions to the scheme too. The MTFP does not therefore assume any new allocations of New Homes Bonus beyond 2020/21; however, it does include the continuation for 4 years of those allocations received in previous years. **Revisions to the New Homes Bonus scheme are expected alongside the Fair Funding Review and changes to Business Rates Retention. It should be anticipated that there may be changes to the scheme that reduce the amount of grant that may be awarded in the future.**

Details of allocations included in the MTFP as shown in the table below:

Allocation Year	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
2015/16						
2016/17	(480)					
2017/18	(476)	(476)				
2018/19	(259)	(259)	(259)			
2019/20	(351)	(351)	(351)	(351)		
2020/21		(408)	?	?	?	?
2021/22			?	?	?	?
2022/23				?	?	?
Total	(1,566)	(1,494)	(610)	(351)	0	0

Table 9: New Homes Bonus

6.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £423,500 for this grant. Allocations are received on an annual basis. However, it is likely that this grant will eventually reduce with the onset of Universal Credit and the resultant downsizing of Housing Benefit Administration by the Council. This reduction in grant will need to be considered in line with any reductions in workload associated with any transition.

7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. Government Funding and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2021/22 as pressures or savings.

7.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£442,100**
- Pension Contribution Rate (Current Service) **19.9%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	14,148	141	283	424
Pension Contribution (£000)	1,769	18	35	53
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				
<u>Pensions</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - The pay award for 2020/21 has not yet been agreed. 2% is factored into the MTFP.
 - Implications of the triennial pension revaluation for 2020 are incorporated into the budget.

7.3 **General Inflation**

- Annual increase in MTFP for expenditure **2%**
- Annual increase in MTFP for Income **3%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Expenditure (£000)	8,967	90	179	269
Income (£000)	(4,623)	(46)	(92)	(139)
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Inflation level of 2% is set at the Bank of England target for inflation.

7.4 **Investment Income**

- Investment Returns –

	2020/21	2021/22	2022/23	2023/24	2024/25
Investments	1.08%	1.20%	1.33%	1.58%	1.83%
Property Fund	4.40%	4.40%	4.40%	4.40%	4.40%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	30,956	310	619	929
Property Fund Income (£000)	3,383	34	68	101
		Risk		
		High	Medium	Low
<u>Investment Income</u>				
Likelihood of Change				
Impact of Change				
<u>Property Fund Income</u>				
Likelihood of Change				
Impact of Change				
<u>Average Balances</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
 - Capital Investment decisions will affect the Capital Financing Requirement and average balances
 - The investment returns used when the budget was set in February 2020 will need to be updated given current guidance on when interest rates are expected to change.

7.5 **Borrowing**

- Assumed Borrowing - 2020/21 **£22.0m**
- Assumed Borrowing Rate - 2020/21 **2.25% - 2.70%**

Borrowing assumptions are based on a Principal (capital) and Interest repayment loan

- Assumed Capital Financing Requirement (CFR) & Minimum Revenue Provision (MRP):

	2020/21	2021/22	2022/23	2023/24	2024/25
CFR	6,942	13,020	39,939	39,385	39,247
MRP	-	-	150	957	941

	Base Level	Sensitivity		
	£000	+/-1%	+2%	+/-3%
Borrowing Rate (£000)	22,000	220	440	660
MRP	0	0	0	0
		Risk		
		High	Medium	Low
<u>Increase to Borrowing Rate</u>				
Likelihood of Change				
Impact of Change				
<u>Increase to CFR</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Borrowing assumed in MTFP for Leisure facilities, Gateway 44 and Southern Relief Road
 - Any future Capital Programme decisions will likely require a borrowing requirement, either internal or external which will have an impact on the revenue budget
 - Re-profiling of anticipated capital receipts will impact on CFR, and subsequently MRP charge

8.0 Appendices

Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2020/21

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	132	2	50%	4	66	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	225	3	75%	9	169	5% Charges Income forecasts for 2019/20
Underachievement of Investment Income	2	95	1	25%	2	24	0.5% of exposure of average balance of £19m
Insurance Excesses	2	500	2	50%	4	250	Based on maximum excess for flood (£500k)
Fall in Rental Income from Property	3	215	1	25%	3	54	5% of Rental Income (assumed at £4.5m for 2019/20)
Transformation not met	4	1,134	2	50%	8	567	Transformation savings still to be agreed
Loss of Income from Retained Business Rates	4	1,154	3	75%	12	866	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS		4,656				3,095	
Maximum Risk Based Reserve Balances						4,656	
Minimum Risk Based Reserve Balances						1,164	
Current Level of Reserves (Projected as at 31/03/21) (General Fund including carry forward reserve)						3,063	
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves						-32	

Appendix B – Reserves & Provisions

Reserves

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
Lanes Capital Reserve	75	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required
<i>Revenue Reserves</i>				
General Fund Reserve	3,100	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> - Cash Flow requirements - Inflation and interest rates - Demand Led Budget Pressures - Efficiency and Productivity Savings - The Availability of funds to deal with major unexpected events or emergencies - Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through</p>	This reserve is still required

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
			<p>consideration of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of 825£1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	
Projects Reserve	836	The balance at 31 st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	Management of the reserve rests with the Corporate Director of Finance and Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Carry Forward Reserve	654	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	This reserve has been reviewed and re-allocated to specific projects

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
Building Control Reserve	100	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by Corporate Director of Economic Development via an Officer Decision Notice	This reserve is still required
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Cremator Reserve	1,080	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
City Centre Reserve	5	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still required
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Flood Reserve	1,948	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required and will be released in 2020/21 to support the reinstatement of the Civic Centre

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
Prosecutions Reserve	36	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Revenues Grants Reserve	1,939	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	196	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Apprenticeship Reserve	78	To establish a reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required
Waverley Viaduct Reserve	30	To earmark funds towards the development of the Waverley Viaduct	Management of the Reserve Rests with the Corporate Director of Governance & Regulatory Services. Approval to release funds from the reserve only be given by the Corporate Director of Governance & Regulatory Services.	New Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required

Provisions

Provision	Balance 31/3/20	Purpose	Future of the Provision
Business Rate Appeals	1,321	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	156	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2019 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Rickergate Ringfenced Account	176	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.
Land Charges Provision	34	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required

Provision	Balance 31/3/20	Purpose	Future of the Provision
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	1	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Civil Penalties	23	To establish a provision in relation to costs to be funded from Civil Penalties income in accordance with the Housing & Planning Act 2016.	New Provision
Working Time Directive	62	To establish a provision in relation to costs associated with the Working Time Directives.	New Provision
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Appendix C - Corporate Charging Policy

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

The Corporate Charging Policy applies to those fees and charges that the Council has control over and can set independently of any statutory provision. Any services where charges are set by Government or where services have to be self-financing are excluded from the Corporate Charging Policy.

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2020/21 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

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

4. Trading

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

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

5. Value For Money

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

Appendix D – Gross Expenditure Breakdown

	Original Budget 2020/21 £
Expenditure	
Employee Related	15,894,000
Premises Related	4,091,100
Transport Related	1,415,000
Supplies & Services	4,341,300
Third Party Payments	2,319,200
Transfer Payments	26,516,600
Support Services	12,113,100
Capital Financing Costs	2,470,100
Carry forward approvals	811,000
Recharges	(14,223,700)
Total Expenditure	55,747,700
Income	
Government Grants	(1,676,800)
Specific Grants	(27,013,400)
Other Grant/Reimbursements/Contributions	(1,846,400)
Interest	(265,700)
Customer and Client Receipts	(10,292,400)
Total Income	(41,094,700)
Net Budget Requirement	14,653,000
Funded By:	
Council Tax	(7,487,000)
Council Tax Surplus	(30,000)
Retained Business Rates	(3,468,900)
Business Rates Growth/Pooling	(2,400,000)
Reserves	(1,267,100)
Total Funding	(14,653,000)

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 23 JULY 2020

BTSP.33/20 DRAFT MEDIUM TERM FINANCIAL PLAN 2021/22 TO 2025/26

The Corporate Director of Finance and Resources submitted the Council's draft Medium Term Financial Plan (RD.09/20) for the period 2021/22 to 2025/26 which set out the framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan linked the key aims and objectives of the Council, as contained in the Carlisle Plan, to the availability of resources, enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

The Executive had considered the Draft Medium Term Financial Plan 2021/22 to 2025/26 at their meeting on 20 July 2020 (Minute Excerpt EX.69/19 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan (MTFP) 2021/22 to 2025/26 Members raised the following comments and questions:

- What were the opportunities for additional commercial and investment income; had the Council gathered comparative information from other local authorities on their approach to commercialisation?

The Corporate Director of Finance and Resources reminded the Panel of the recommendations in the Peer Challenge Review, one of which had been to develop a commercial strategy for Carlisle. Before this could happen there was a requirement to better understand what was meant by commercialisation, what the Council's appetite for risk was and what scope there was for commercial activities in Carlisle. The Council had significant assets on its balance sheets, commercial opportunities would come from making those assets work better for the Council. However, there was severe pressure on commercial income due to the Covid 19 pandemic and the Council had to be mindful of the current situation before it developed any strategy on commercialisation.

- Had the improved visuals in the 'Have your say' document increased public responses to the budget consultation process?

The Corporate Director of Finance and Resources responded that the new document had been well received, however, there would be continuous improvements made to the consultation documents to increase the engagement on the budget process with residents of Carlisle.

- The MTFP was an important document, however, it contained many areas of uncertainty, would the document be reviewed as matters developed?

The Corporate Director of Finance and Resources agreed there was great uncertainty in the document; it would be reviewed and updated as the situation changed, and further reports would be considered by the Panel as the budget process progressed.

- The climate emergency was a priority for the Council; however, it had not been included in the MTFP.

The Corporate Director of Finance and Resources explained that the Capital Strategy and Capital Programme included information on small climate change related projects. She added that she was awaiting further information from the Climate Change Group before any adjustments could be made to the MTFP.

A Member welcomed the inclusion in the Capital Strategy but felt that the climate emergency should also be referenced in the MTFP.

- Was there any indication how the lost income from business rates would be replaced until Government moved forward with the business rate review?

The Corporate Director of Finance and Resources clarified that the assumption had been made that the Council would not be in the Business Rate Pool in 2021/22, however, as the Business Rate Review had been deferred the impact on the pool arrangements were unknown. She assured the Panel that the situation was being closely monitored and the City Council had regular discussions with Cumbria County Council, the Police and the other Cumbria District Councils. She informed the Panel that government had announced a new comprehensive funding package to support local authorities with income shortfalls and deficits from collection fund recovery due to Covid 19.

- Would the Business Rate Appeals require all the provision in the MTFP?

The Corporate Director of Finance and Resources confirmed that significant provision had been made for Business Rate Appeals, work was being carried out with the Valuation Office to estimate the likely appeals and how successful they would be.

- Did the savings, as detailed in section 4.3.2 of the report, include additional requirements that may be a result of the exceptional circumstances?
- Did the yield from property rentals reflect the current situation?

The Corporate Director of Finance and Resources clarified that all assumptions and savings detailed in the MTFP were based on the situation at this point in time. She explained that work was being carried out using government guidance to look at income shortfalls, the figures did not include pressures which could arise as a result of Covid 19.

- Given the exceptional circumstances would the Council consider engaging someone with proven commercial and industrial experience to support the qualified, professional team in the Council?

The Finance, Governance and Resources Portfolio Holder reminded the Panel that the Council brought in specialist skills when required; the Council was already quite commercial in utilising income from its assets. He added that it was important to bring in income to ensure the continuing delivery of discretionary services.

- Would it be possible to close down the redundant bequests and release the funds to other projects?

The Corporate Director of Finance and Resources confirmed that the bequests could be closed, the money could be released to community groups or charities that met the conditions of the bequest.

- The Council annually earmarked reserves for the cremator, would it be possible in future to build this reserve from income from the cremator rather than allocations from the Council?

The Corporate Director of Finance and Resources clarified that the reserve was built up from contributions from the income generated by Bereavement Services..

- How would the Council mitigate the loss of the New Homes Bonus?

The Corporate Director of Finance and Resources explained that the New Homes Bonus had not been included in the budget, should any payments be received they would be additional income.

- What had been the reduction in housing benefit claims following the launch of Universal Credits, did it give the Council an indication of when its responsibility ended? In addition, Covid 19 had caused an increase nationally in Universal Credit applications, had this impacted on the reduction in housing benefit claims?

The Corporate Director of Finance and Resources responded that Universal Credit claims had not yet had a significant increase due to Covid 19 however the position would continue to be monitored.

- A Member urged the Executive to retain the Council Tax Reduction Scheme to continue to support the poorest and most vulnerable residents in Carlisle during this difficult time.

The Finance, Governance and Resources Portfolio reassured the Panel that the Executive had no intention of changing the Council Tax Reduction Scheme (CTRS). The CTRS had been included in the MTFP because there was a requirement to consider the Scheme annually. The City Council CTRS was considered one of the most generous and complete schemes in the Country, when government provided additional resources to enhance the scheme the Council increased the amount of support available. The Government recognised that many people were not eligible for the CTRS and a new hardship fund was being launched by the Council which supported those people in dealing with arrears.

The Corporate Director of Finance and Resources informed the Panel that the Council had stopped all debt recovery during the pandemic as it was mindful of the pressure on people in such uncertain times. Work was beginning on a soft reminder process, which many other authorities had undertaken, reminders would be sent out encouraging people to contact the Council if they were having issues in making payments so they could be supported with instalment options or through the CTRS process. This soft recovery approach would also be taken with sundry debtors where commercial income comes in.

REOLVED – 1) That the Panel had considered and commented upon the draft Medium Term Financial Plan 2021/22 to 2025/26 (RD.09/20);

2) That the Panel thanked the Corporate Director of Finance and Resources and her team for the production of the Medium Term Financial Plan during such uncertain and difficult times;

3) That the Panel request that reference is made to environmental policies in the Medium Term Financial Plan in the future;

- 4) That the Panel are included in the development of a commercial strategy;
- 5) That the Corporate Director of Finance and Resources undertake to consider the conditions of the redundant bequests and reallocate the funds to suitable community groups or charities;
- 6) That the Finance, Governance and Resources Portfolio Holder circulate a copy of the Council's Hardship Scheme to all Members.

Report to Executive

**Agenda
Item:**

A.2

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD15/20
Within Policy and Budget Framework: The YES
Public / Private: Public

Title: CAPITAL INVESTMENT STRATEGY 2021/22 - 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD08/20 (amended)

Purpose / Summary:

The Council's Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2021/22 to 2025/26. The guidance in this strategy complements and supplements the Medium-Term Financial Plan.

Following consideration by the Executive, final recommendations will be made to Council on 08 September 2020.

Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business and Transformation Scrutiny Panel on the 23 July prior to making recommendations to Council on 08 September 2020.

Tracking

Executive:	20 July 2020
Scrutiny:	23 July 20020
Executive	17 August 2020
Council:	08 September 2020

1. BACKGROUND

- 1.1 The Capital Investment Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium-Term Financial Plan (MTFP).
- 1.2 The Capital Investment Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 4 February 2020. This position has been updated to reflect any known changes since that date. The Strategy also incorporates the requirements under the Prudential Code 2017 to link capital investment with treasury management activity and service objectives.

2. KEY MESSAGES

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
- The re-profiling of asset sales will be updated as part of the budget process, especially in regard to the timing and level of receipts as a result of COVID-19; this may have a significant impact on the revenue budget through the requirement to fund the capital programme with an additional borrowing requirement;
 - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs;
 - Impact of COVID-19 on the deliverability of capital projects.
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
- Asset sales generating receipts over current estimate levels will reduce any borrowing requirement;
 - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement;
 - A review of the current programme may relieve some of the expenditure pressures.

3. RISKS

- 3.1 The Capital Investment Strategy contains risk analysis of the issues that could potentially affect the budget and financial planning position.

4. CONSULTATION

- 4.1 The draft Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel considered the report on 23 July 2020 and recommendations will be made to full Council on 08 September.
- 4.3 The following resolution was made by BTSP at their meeting on 23 July:
- That the Panel had considered and commented upon the draft Capital Investment Strategy 2021/22 to 2025/26 (RD.08/20).
- 4.4 The Executive is asked to consider the resolution and comments of the Panel for inclusion in the Capital Strategy to be approved by Council in September.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The Executive is asked to:
- (i) Comment and consider the comments made by the Business and Transformation Scrutiny Panel on the 23 July prior to making recommendations to Council on 08 September 2020.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Alison Taylor

Ext: 7290

Appendices **Appendix 1 – Capital Investment Strategy 2021/22 to 2025/26 attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: • None

CORPORATE IMPLICATIONS/RISKS:

Legal – The Council has a fiduciary duty to manage its resources correctly. The Capital Investment Strategy is an important part of the budgetary process and seeks to ensure a

planned and coordinated approach to the delivery of projects within the parameters of our financial resources.

Finance – contained within the report

Equality – Strategy includes expenditure forecast for Disabled Facility Grants

Information Governance - There are no Information Governance Implications

Property – The Capital Investment Strategy links with the Asset Management Plan 2021/22 to 2025/26 to provide details on how the City Council will utilise its property assets to assist with the Council's finances and the development of new infrastructure for the City.

Capital Investment Strategy

Carlisle City Council

2021/22 to 2025/26

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1.0 Introduction

- 1.1 The Capital Investment Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans and is based on the guidance in the Medium-Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2017) and is required to be approved by Full Council.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of internal borrowing to support capital expenditure;
- Define the authority's approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Council's policy on capitalisation is included in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £5,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits is deemed to be a revenue cost.

1.3 **Evaluation and Monitoring of Capital Projects**

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

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

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

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

1.5 **Current Asset Portfolio**

The Council holds a significant asset portfolio that supports both its operational activities and non-operational activities from which it receives significant rental income.

The rental income it receives is used to support Council services and provides a significant proportion of the income it receives. The income from rentals on the non-operational asset portfolio is approximately 60% of what the Council receives in funding from Council Tax.

Asset Category	Valuation 31/03/20 £000	Rental Income £000	Other Income £000	Total Income 20/21 £000
Investment Property	79,905	4,118	0	4,118
Surplus Assets	961	0	0	0
Land & Buildings	32,255	0	3,924	3,924
Infrastructure	5,114	0	0	0
Community Assets	4,128	24	0	24
Dwellings	201	0	0	0
Vehicles Plant & Equipment	5,896	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	4,218	0	0	0
TOTAL	152,180	4,142	3,924	8,066

Investment Property (Non-Operational)

These assets include Industrial Estates, land held for capital appreciation and rental income, Lanes Shopping Centre

Surplus Assets (Non-Operational)

These assets include land held that do not generate significant rental incomes or are held for capital appreciation

Assets Held for Sale (Non-Operational)

This relates to assets that have been identified for sale and are in the process of being disposed at the Balance Sheet date.

Land & Buildings (Operational)

These are operational properties that are used to deliver council services and include Council accommodation, community centres, car parks and hostels

Infrastructure (Operational)

These assets include bridges and footpaths

Community Assets (Operational)

These assets include parks and open spaces

Dwellings (Operational)

These assets are primarily homeshares used by the homelessness service

Vehicles, Plant and Equipment (Operational)

These assets are used in the delivery of Council services and include all Council owned vehicles, IT equipment, play equipment and green spaces equipment

Heritage (Operational)

These assets relate to items of heritage and include the Tullie House Museum Collection and statues and monuments.

Assets Under Construction (Non-Operational)

These are assets that are in the course of construction but have not yet been completed.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2020, this totalled £29million, which represents a debt cover ratio of 18.9%.

2.0 Financial Principles supporting the Capital Strategy

2.1 Capital expenditure is to be incurred in line with Financial Procedure Rules as follows:

- The Corporate Director of Finance and Resources is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council (FPR2.14);
- Capital Programme – Key controls and responsibilities of the Corporate Director of Finance and Resources and Corporate Directors (B.51 – B.66).

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;

- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Review the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Review of existing capital programme to ensure that schemes are still required and are accurate;
 - Maximisation of the use of grants and contributions from external sources;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*

2.3 **Carlisle Plan and Other Council Strategies, Plans and Policies**

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

The Capital Strategy 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.

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

- The Medium-Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the

assumptions for financing requirements and interest rates and their effect on the revenue budget.

- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy.
- Local Plan/Local Development Framework.
- The ICT Strategy.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.
- Directorate Service Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

3.0 Capital Expenditure

3.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets will have implications on the revenue budget.

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in new Leisure facilities at £25.5million primarily funded from borrowing that will be offset by a reduction in the subsidy payable on the Leisure contract. The programme also includes provision for Gateway 44 investment and Carlisle Southern Relief Road.

Other capital investment opportunities may present themselves over the lifetime of the MTFP; each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

All business cases will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 5 (Commercial Activity).

The table below shows the current capital resources before any new decisions around capital investment are made.

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Borrowing Requirement B/Fwd	2,711					
Estimated resources available in year (Table 3)	(9,605)	(6,204)	(2,454)	(2,454)	(2,899)	(2,454)
Proposed Programme (Table 2)	29,946	10,387	7,996	2,869	3,714	2,866
In-Year Borrowing Requirement	20,341	4,183	5,542	415	815	412
Cumulative Borrowing Requirement	23,052	27,235	32,777	33,192	34,007	34,419
In-Year External Borrowing planned to be Undertaken	7,000	6,000	5,000	0	0	0
External Borrowing undertaken in previous years	14,000	0	0	0	0	0
Cumulative External Borrowing to Fund the Capital Programme	21,000	27,000	32,000	32,000	32,000	32,000
Amount of Borrowing Requirement funded from internal cash balances (Internal Borrowing)	2,052	235	777	1,192	2,007	2,419

Table 1: Current Capital resources

Note: External Borrowing shown is in relation to capital expenditure only. Other external borrowing is not shown here (i.e. refinancing of Stock Issue)

3.2 **Current Expenditure Forecast**

The Council approved the current forecast for the period 2020/21 to 2024/25 in February 2020 and details are shown below adjusted for the outturn from 2019/20 and also for decisions made in relation to capital investment between April and June 2020.

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Disabled Facilities Grants	2,865	1,467	1,467	1,467	1,467	1,467
Vehicles Plant & Equipment	1,532	1,215	1,158	976	1,851	1,003
Property Enhancements	377	250	250	250	250	250
ICT Strategy	311	101	76	131	101	101
Recycling Containers	45	45	45	45	45	45
Play Area Developments	83	0	0	0	0	0
Gateway 44	4,622	0	0	0	0	0
Bitts Park Flood reinstatement	22	0	0	0	0	0
Planning Software	150	0	0	0	0	0
Cemetery Infrastructure	36	0	0	0	0	0
Open Space Improvements	81	0	0	0	0	0
Minor Works Grants	23	0	0	0	0	0
Carlisle Southern Relief Road	0	0	5,000	0	0	0
On Street Charging Points Infrastructure	204	0	0	0	0	0
Civic Centre Development	2,581	1,021	0	0	0	0
Savings to be identified	0	(200)	0	0	0	0
LED Footway Lighting Installation	203	0	0	0	0	0
Skew Bridge Deck	70	0	0	0	0	0
Central Plaza	12	0	0	0	0	0
Rough Sleeping Initiative	50	0	0	0	0	0
Leisure Facilities	16,679	6,488	0	0	0	0
Total Programme	29,946	10,387	7,996	2,869	3,714	2,866

Table 2: Current Capital Programme

3.3 **Current Resource Forecasts**

The Council's capital programme can be financed, (or paid for), through a variety of sources and the Corporate Director of Finance and Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. Table 3 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Grants & Contributions	4,304	1,467	1,467	1,467	1,467	1,467
Capital Receipts (Asset Review)	2,078	3,750	0	0	445	0
Revenue Financing	3,223	987	987	987	987	987
Total Resources Receivable in Year	9,605	6,204	2,454	2,454	2,899	2,454
Borrowing Requirement (in Year)	20,341	4,183	5,542	415	815	412

Table 3: Current Proposed Resources

There is a further £112,000 held within capital grants unapplied account that is not currently allocated to fund specific projects and is therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations. £750,000 has also been received in relation to a specific Cumbria LEP funded scheme which is not yet in the current programme.

3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2020/21 the Council has budgeted to receive £1,467,300 which will increase to £1,899,800 now that the 2020/21 allocation has been confirmed. The grant continues to be distributed through the County Council, as the Better Care provider, who then allocates funding to the District Councils.

3.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

3.3.3 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £2.078million are included in the Capital programme to be achieved in 2020/21.

3.3.4 Borrowing Requirement

The borrowing requirement includes £34m borrowing over the next five years for the funding of the capital programme. The majority of the revenue cost of the borrowing is to be paid for through a reduction in the Leisure contract fee, increased income and developer contributions.

3.4 Asset Management

A separate Asset Management Plan is produced annually by the Council that outlines the ongoing asset management requirements to maintain the property portfolio. This Plan is considered alongside the MTFP and the Capital Investment Strategy.

The Council also maintains a vehicle Plant and Equipment Replacement Plan which outlines the anticipated replacement lifecycle for the main items of fleet it requires to operate services. This plan is updated annually and is fed into the budget process to determine the capital requirement.

4.0 Debt, Borrowing and Treasury Management

4.1 Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004 with authorities now able to borrow as much as it wishes provided that it can afford the repayments from its revenue budget.

The Council has identified that it may need to borrow £34million to fund the current capital programme to support the development of Leisure Facilities, Gateway 44 project and Carlisle Southern Relief Road. The cost of this borrowing is included in the Medium-Term Financial Plan and is also offset by a corresponding savings from the Council's Leisure Contract, increased income and developer contributions.

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLb), or can be undertaken by utilising internal resources, i.e. investment balances. This is known as internal borrowing.

The Corporate Director of Finance and Resources is delegated with responsibility for the financing of the capital programme and as such may make borrowing decisions based upon interest rates, the Council's cash flow projections and other economic factors, in order to optimise the overall use of resources. External advice will be sought from the Council's Treasury advisors, Link, if necessary.

In order to reduce the exposure of the council to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met

from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Council has at the point in time it is taken out. The Council will look to repay all borrowing either before or upon its actual maturity profile.

4.2 **The Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.

Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP on a straight-line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total Capital Expenditure	29,946	10,387	7,996	2,869	3,714	2,866
Capital Resources Receivable in Year	(9,605)	(6,204)	(2,454)	(2,454)	(2,899)	(2,454)
MRP & Repayment of Debt	(12)	(12)	(162)	(969)	(953)	(1,187)
Change in Underlying need to borrow	20,329	4,171	5,380	(554)	(138)	(775)
CFR Brought Forward	14,485	34,814	38,985	44,365	43,811	43,673
CFR Carried Forward	34,814	38,985	44,365	43,811	43,673	42,898
Adjustment A Revision	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)
Adjustment for Assets Under Construction	(23,446)	(21,539)	0	0	0	0
CFR FOR MRP PURPOSES	6,942	13,020	39,939	39,385	39,247	38,472

Table 6: Capital Financing Requirement

4.3 Investment and Reserve Balances

An important consideration to understand when making capital investment decisions, especially when a borrowing requirement exists is the relationship between the Council's available cash investment balances and its reserves.

At 31 March 2020, the Council had cash and investments of £30.956million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2021, investment balances would be £12.3million. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total Investments	30,956	12,326	12,284	10,145	9,000	7,580	6,918
<i>Made up of:</i>							
General Fund Reserves	4,590	3,063	2,812	2,873	2,994	3,257	3,639
Capital Reserves	75	90	105	120	135	150	165
Earmarked Revenue Reserves	5,412	3,041	3,041	3,041	3,041	3,041	3,041
Provisions	2,552	2,552	2,552	2,552	2,552	2,552	2,552
Collection Fund Adj Account	1,101	1,101	1,101	1,101	1,101	1,101	1,101
Capital Grants Unapplied	136	113	113	113	113	113	113
Working Capital	2,799	2,799	2,799	2,799	2,799	2,799	2,799
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	16,665	12,759	12,523	12,599	12,735	13,013	13,410
Surplus Cash/(Cash Deficit)	14,291	(433)	(239)	(2,454)	(3,735)	(5,433)	(6,492)

Table 7: Investments and Reserves

The figures above are based on assumptions regarding budgets being fully spent with no over/under spends and reserves utilised as per current budget projections.

The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2025/26.

This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Outturn	Forecasts					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
CFR (Underlying Need to borrow)	14,485	34,814	38,985	44,365	43,811	43,674	42,898
Total Borrowing	28,776	34,381	38,746	41,911	40,076	38,241	36,406
(Over)/Under Borrowing Position	(14,291)	433	239	2,454	3,735	5,433	6,492
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(14,291)	433	239	2,454	3,735	5,433	6,492

Table 8: Borrowing position

Therefore, the Council is holding £14.291million of cash in its investment balances at 31 March 2020 that can be attributed to the amount of debt it

holds. This was due to the borrowing undertaken in 2019/20 that has yet to be spent on the capital programme. Where actual debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

As the figures shown above are based on forecast levels of expenditure linked to current budgets and anticipated receipts, actual figures will vary in each year depending upon actual expenditure and income levels.

4.4 **Authorised Limit and Operational Boundary**

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by Council in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit should not be exceeded without prior Council approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Corporate Director of Finance and Resources to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.

The limits shown below will be reviewed during the consultation process of the Capital Investment Strategy and recommendations will be made in the final versions to be considered by Council in September 2020 on adjusting the limits in line with the current projections for the CFR.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2019/20 actual	2020/21 estimate	2021/22 estimate	2022/23 estimate	2023/24 estimate	2024/25 estimate
	£000	£000	£000	£000	£000	£000
Authorised Limit for External Debt:						
- Borrowing	44,000	44,000	45,000	48,000	47,000	45,000
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	44,100	44,100	45,100	48,100	47,100	45,100
Operational Boundary for external debt:						
- Borrowing	39,000	39,000	40,000	43,000	42,000	40,000
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	39,100	39,100	40,100	43,100	42,100	40,100

5.0 Commercial Activity

5.1 The Council has used its asset portfolio to operate in a commercial manner for many years. Much of the investment property portfolio is held on long term leases which provide a guaranteed rental return from the asset with regular rental review built into the terms of each lease. This way of operating therefore provides some certainty about the income levels receivable.

With reductions in funding the Council is having to look at commercial activities to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term it needs to ensure that any investment opportunities are based upon sound decision making that consider the future likelihood of investment income reducing.

Therefore, when making commercial investment decisions the Council will follow the principles set out below:

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;

- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established.

6.0 Other Long-Term Liabilities

- 6.1 The Council currently holds a £15million stock issue loan that is due for redemption in 2020. This debt is factored into the Medium-Term Financial Plan to be re-financed in 2020 at a lower rate of interest. The loan is currently repayable at 8.75% and the MTFP assumes that the new borrowing will be at a lower interest rate, however, the actual rate achieved will depend on prevailing market rates at the time the loan is re-financed. The MTFP also assumes that any new loan will be taken on a principal repayment term so that the debt repaid fully once the new term ends.

7.0 Knowledge and Skills

7.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

7.3 **Finance**

Finance staff are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the necessary experience of how the Council works having been in post for a number of years. Finance staff also undertake Continuous Professional Development and the Council is an accredited body of the CIPFA (Chartered Institute of Public Finance Accountancy) CPD scheme. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.4 **Property**

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer. The Council is a member of ACES – the Association of Chief Estates Surveyors and Property Managers in the Public Sector. The team have extensive property knowledge and have worked for the Council for a number of years.

7.5 **Legal**

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing
- **ChanceryGate** – Property and Asset Management and asset development opportunities in relation to Kingstown Industrial Estate

APPENDIX A**Capital Programme – Risk Assessment**

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	High	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Remote	High	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning.
VAT partial exemption rules are not considered.	Remote	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	High	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Remote	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 23 JULY 2020

BTSP.34/20 DRAFT CAPITAL INVESTMENT STRATEGY 2021/22 – 2025/26

The Corporate Director of Finance and Resources reported (RD.08/20) on the draft Capital Investment Strategy 2021/22 – 2025/26, which directed the Council's Capital Programme and the allocation of resources for the five year period 2021/22 to 2025/26. The guidance in the strategy complimented and supplemented the Medium Term Financial Plan.

The Executive had considered the Draft Capital Investment Strategy 2021/22 to 2025/26 at their meeting on 20 July 2020 (Minute Excerpt EX.70/20 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Medium Term Financial Plan 2021/22 to 2025/26 Members raised the following comments and questions:

- The Council had £4m in rental income from investment property, was there a potential that tenants could default on payments due to Covid 19 and result in a reduction in the income?

The Corporate Director of Finance and Resources confirmed that there was a risk to income due to Covid 19; the situation was being closely monitored and the debtors' team were working closely with property services to support tenants and provide them with payment options.

- A Member asked that consideration be given to the best options for plant and vehicle replacement to meet the climate strategy obligations.

The Corporate Director of Finance and Resources clarified that the assumption in the budget was for like for like replacement, however, each asset was considered individually at the time of replacement, and alternative options were considered including electric vehicles and lease options.

- A Member felt that the key considerations for shaping the budget were appropriate under the current circumstances and sought reassurance the impact of Covid 19 was part of the consideration given to the deliverability of the current capital programme.

The Finance, Governance and Resources Portfolio Holder assured the Panel that the capital programme was reviewed annually, the current programme of works would not be affected by the impact of Covid 19 however this would continue to be monitored.

- A Member commented that the Covid 19 pandemic had highlighted the need for the Council to invest in its ICT and asked for confirmation that this would be a priority for the Executive and Senior Management Team.

The Corporate Director of Finance and Resources reported that the Council was in the process of appointing a new Head of Digital and Technology whose role would be to update and refresh the Council's ICT Strategy. The Strategy would come through the democratic process and would be scrutinised by the Panel.

RESOLVED – That the Panel had considered and commented upon the draft Capital Investment Strategy 2021/22 – 2025/26 (RD.08/20).

Report to Executive

**Agenda
Item:**

A.3

Meeting Date: 17 August 2020
 Portfolio: Finance, Governance and Resources
 Key Decision: YES: Recorded in the Notice Ref: KD. 13.20
 Within Policy and Budget Framework Yes
 Public / Private Public

Title: Asset Management Plan 2021 to 2026
 Report of: The Corporate Director of Governance and Regulatory Services
 Report Number: GD 37.20

Purpose / Summary:

The draft Asset Management Plan was considered by Executive on 20th July 2020 before being referred to Business and Transformation Scrutiny Panel on 23rd July 2020. The minutes from the meeting of the Panel are considered elsewhere on the agenda.

The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

Recommendations:

The Executive considers the comments of Business and Transformation Panel and refer the Asset Management Plan to Council for adoption on 8th September 2020.

Tracking

Executive:	20 th July 2020
Scrutiny:	23 rd July 2020
Executive:	17 th August 2020
Council:	8 th September 2020

1. BACKGROUND

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. A revised Disposal Programme was approved by the Executive in December 2018 with the aspiration to generate £10m in capital receipts.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

2. PROPOSALS

- 2.1 The AMP provides a succinct document that reflects;
 - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
 - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance requirements, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates, and
- How our Economic Development property portfolio is being managed to support economic growth.

3. RISKS

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

4. CONSULTATION

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan was considered by Business and Transformation Overview & Scrutiny Panel on 23rd July.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

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

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 The proper management of the Council's property resource makes an essential contribution the achievement of the Council's action plans and priorities.

Contact Officer: Mark Walshe

Ext: 7427

Appendices attached to report: Asset Management Plan 2021 - 2026

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

FINANCE – The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2021/22 to 2025/26.

EQUALITY – None

INFORMATION GOVERNANCE – N/A



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2021 – 2026

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1. The Council

- 1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2020/21 has a net revenue budget of £14.65 million and capital expenditure budget of £29.92 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.
- 1.2 The Council's asset base produces a rental income of around £4.46 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £80 million.

2. Purpose, Aims and Objectives

- 2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Carlisle Plan, Directorate and Service Plans, the Medium-Term Financial Plan and Capital Strategy.
- 2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below:
 - Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
 - Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
 - Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
 - Generate capital for investment purposes aligned to corporate objectives.
 - Ensure a healthy and safe environment for property users.

- Apply “Green Design” principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
- Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
- Contribute to the Council’s Medium-Term Financial Plan and Capital Strategy, identifying investment opportunities.
- Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

3. Property Strategies and Principles

3.1 The Council has developed the following strategies and principles:

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long-term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium-Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.

- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.
- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

4. Value for money

- 4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.
- 4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

5. Property Services

- 5.1 Property Services are responsible for managing the City Council's extensive property portfolio. The multi-disciplinary team cover everything from ad-hoc property repairs to multi-million-pound developments such as the Sands Centre and Gateway 44. The service is supplemented by external resources when specialist assistance is required.
- 5.2 The property team face many challenges in supporting the Council with the competing pressures to deliver income whilst supporting the delivery of front-line services and realising ambitions for economic growth. Our aim is to provide a first-class property service for the City Council.

6. The Portfolio and Current Performance

6.1 Gross Asset Value as at 31 March 2020

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	64	52	13	201
Total income	£23,600	£3,923,800*	£4,118,600**	-	£8,066,000
Capital value	£4,128,000	£32,255,000	£79,905,000	£961,000	£117,249,000
Capital Expenditure	£51,691	£195,846	£168,930	-	£416,467
Outstanding Maintenance		£2,380,200	£2,000,000	-	£4,380,200
* Income from operational assets (i.e. car parks, crematorium, Civic Centre rents)					
** Rental income from investment assets					

6.2 The total capital spend on property assets in 2019/20 was £3.18 million.

6.3 The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. The condition surveys were last undertaken in the summer of 2018. The information which has been derived from the surveys has been considered to assess the current condition of the portfolio, whilst further having regard to the work undertaken during the same financial period. Outstanding maintenance has reduced from circa £2,587,300 to £2,380,200. The Pools continue to be removed from the programme given their impending closure as part of the Sands Centre redevelopment.

6.4 We are currently spending £250,000 p.a. to enhance our operational portfolio as detailed below in a bid to reduce the risk of major long-term capital expenditure being required.

6.5 Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset

ASSET MANAGEMENT PLAN 2021-2026

disposals and investment undertaken at Durranhill and Kingstown Industrial Estates.

6.6 Outstanding Maintenance

	20/21	21/22	22/23	23/24	24/25	25/26
Total Revenue Budget	£745,900	£760,700	£776,000	£791,500	807,400	823,500
Capital Schemes Special Projects	£250,000	£250,000	£250,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 :24	76:24	76:24

6.7 Based upon the final condition surveys, the annual planned maintenance programme has been further developed for the operational assets. As discussed above, there is unplanned maintenance currently assessed at £2,380,200 for the portfolio of operational buildings. The planned delivery programme to reduce this, incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3-year programme of planned and reactive maintenance on 18 November 2019 (report reference GD.62/19). In condition category terms the split is:-

Condition Category (as a % of Gross Internal Area Operational Property)			Sustainable Criteria
	2019-24	2020-25	
A. (Excellent)	0.73%	0.73%	Yes
B. (Good)	89.42%	89.42%	Yes
C. (Mediocre)	9.85%	9.85%	Review
D. (Poor)	0%	0%	No

6.8 The table above shows the condition categories of the operational portfolio. There has been no overall change to the condition categorisation of operational assets over the last year as work undertaken has focused on addressing maintenance issues rather than improvements. The condition is continually reviewed and for over 90% of the portfolio classed as either excellent or good, is a testimony to the proactive management regime, which would otherwise leave the portfolio falling short of that required to provide the Council's services.

6.9 Energy Efficiency

6.10 A programme of energy efficiency and renewable energy projects has been carried out with significant investment in former years. We continue to look to incorporate energy efficiency measures as part of any improvement works. Projects are being considered to incorporate whole place energy efficiency measures where possible, in addition to that required to meet current building regulation standards.

6.11 The solar photovoltaic arrays at the Civic Centre and Sands Centre continue to be successful in terms of electricity generation and income received from the feed in tariff.

6.12 The operational and investment portfolio has been assessed to produce up to date Display Energy Certificates (DECS) or Energy Performance Certificates (EPCS) as legally required. This exercise has created an understanding of the implications of the Minimum Energy Efficiency Standards (MEES) on the sale and let ability of the non-operational assets and provide a benchmark from which to improve the CO2 emissions of the publicly funded buildings.

6.13 The data forms part of the wider consideration of the asset management of the property portfolio and particularly when assessing the viability of the long-term use, maintenance and ownership of the assets.

6.14 Where assets have fallen below the required standard this has been assessed and maintenance work has been completed. On a larger scale Capital works are completed to meet the relevant building standards and where financially viable and opportunities are available additional initiatives are being incorporated to further improve the energy standard of the asset stock.

6.15 Capital Works and Repairs

6.16 The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5-year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a

ASSET MANAGEMENT PLAN 2021-2026

legal duty to maintain its properties and the programme is required to meet those statutory duties. Report GD.62/19 was presented to the Executive with proposals for capital investment for planned major repairs which was approved as follows:

Property	Description of works	Estimated Cost
Cemeteries	Resurfacing	£30,000
Carlisle Cemetery	Decoration to perimeter railings	£10,000
Bousteads Grassing	Roller shutter renewals	£10,000
Bousteads Grassing	Main office re-roof	£30,000
Crematorium	Flat roof and felt gutter renewal	£15,000
Tullie House	Pitched roof repair and rainwater goods renewal	£10,000
Talkin Tarn Tea Room	Fire escape staircase renewal	£15,000
Civic Centre	Concrete balcony repairs	£15,000
Civic Centre	Lift motor bearings renewal	£10,000
Richardson Street Football Changing Rooms	Demolition of premises	£10,000
Belah Park Depot	Demolition of premises	£10,000
Old Town Hall	External redecoration	£10,000
Stony Holme Club House	Flat roof renewal	£20,000
Tullie House	Plant replacement	£20,000
Talkin Tarn	Aeration system compressor renewal	£10,000
Melbourne Park Changing Rooms	Flat roof renewal	£10,000
Greystone Community Centre	Repointing and masonry repairs etc.	£5,000
Various	Legionella risk assessment updates and renewals (30 properties approx.)	£10,000
Total 2020 / 2021:		£250,000

ASSET MANAGEMENT PLAN 2021-2026

- 6.17 Due to resourcing issues and a series of Storm events which reduced the safe working period the following items of Capital Repairs are subject to a carry forward request. Some items have since been completed and pending final sign off.

Works Carried Forward From 2019 / 2020

Civic Centre	Flat roof repairs over rates hall / customer contact centre	£20,000
Bousteads Grassing	Depot resurfacing (right hand side)	£10,000
Currock CC	Flat roof renewal	£14,400
Monuments	James Creighton & Queen Victoria refurbishment	£10,000
Monuments	James Steele & Earl of Lonsdale refurbishment	£10,000
Enterprise Centre	Fire alarm upgrade	£20,000
Civic Centre	Roof beam covers	£30,000
Dixons Chimney	On-going stone & pointing repairs	£21,400
Carlisle Cemetery	Decoration to perimeter railings	£5,000
General fund c/f		£6,000
Total C/F:		£146,800

7. Continuous Review and Challenge

- 7.1 The Council continuously reviews and challenges how to best use its asset portfolio;
- The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact

on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.

- The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
- The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
- The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This will be further explored and actions taken to realise efficiencies with the resources currently available.
- The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
- The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

7.2 Accommodation Review

- 7.3 An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.
- 7.4 It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible.
- 7.5 Works have commenced on the redevelopment of the Civic Centre ground floor and are scheduled for completion during 2021. The new accommodation will allow modern ways of working to be embraced, with more flexible multi-purpose space

available. The design has incorporated flood resilience and energy efficiency where possible.

- 7.6 The redevelopment of the ground floor has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.
- 7.7 The current programme of works is the first phase of a wider scheme to maximise space occupancy within the Civic Centre. The current Coronavirus pandemic has shown that alternative forms of working can be successful and the challenge going forward will be to incorporate these opportunities for greater space utilisation throughout the building.
- 7.8 We already have a number of public sector partners co-locating with the City Council and we are working with partners through the One Public Estate programme to encourage greater take up of vacant space in the building which will generate additional income as well as reducing the overall public sector property costs.
- 7.9 Agile working has not only cost benefits but others such as improving the attractiveness of the organisation to potential employees, improving both the health and well-being of staff and the local environment by reducing the need for travel.
- 7.10 Asset Review Business Plan
- 7.11 An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).
- 7.12 Work continues on the implementation of the Business Plan as detailed below:

7.13 Disposal Programme

7.14 In December 2018 a revised disposal programme was approved by the Executive with the aspiration of generating £10m to assist with funding major developments such as the Sands Centre and Gateway 44 scheme.

7.15 Additional staff resources have been engaged to deliver this 5-year programme. To date over £3.2m has been generated, however we anticipate that the ongoing pandemic will delay progress as prospective purchasers concentrate on their existing portfolios rather than seek additional assets and inevitably there will be an impact on values. At this stage the full impact is not known and will only become clear over the coming years however we anticipate that there will be delays to the programme and capital values will be reduced.

7.16 A number of the assets identified for disposal have significant issues to resolve prior to marketing and this lull in the market is allowing the due diligence to be progressed in order that when market conditions improve, we are ready to proceed at speed.

7.17 Reinvestment Options

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

7.19 Opportunity purchases into the Economic Development portfolios are being progressed to support the aspirations of the Borderlands Growth Deal and are discussed further in section 7.31 below

7.20 We continue to look for opportunities to enhance income generating opportunities for the City Council.

7.21 Sands Centre redevelopment

7.22 The redevelopment of the Sands Centre has commenced with the temporary accommodation for GLL & NHS complete at Newman School and the Sands. The decision was taken to lease space at the former Newman School and refurbish rather than take temporary portacabin accommodation to not only minimise cost but also to provide a more suitable temporary leisure facility and leave a legacy for

the city once we vacate. Temporary accommodation has also been provided at the Sands to allow events to continue in the main hall.

- 7.23 Once complete the development will provide a modern energy efficient leisure centre for the citizens of Carlisle. The current swimming facilities will be redeveloped as part of the Station Gateway project and will also reduce the Council's repairing liabilities. Works are scheduled for completion in spring 2021.

7.24 Chancerygate – Kingstown and Parkhouse

- 7.25 Chancerygate, the Council's appointed asset managers for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City.

- 7.26 They are currently project managing the construction of Gateway 44, a 42,000 sq. ft. bulky goods retail scheme at Parkhouse. The asset is being developed as an income generating asset and will be held as part of the investment portfolio. Completion of the build programme is anticipated in October 2020; this is slightly behind schedule due to inclement weather early in the build programme and the coronavirus pandemic. However, the construction team have done an incredible job to minimise delays with work continuing, albeit at a reduced pace, throughout lockdown.

- 7.27 Despite the turmoil in the retail sector we continue to generate interest and are working on potential deals. Unfortunately, Oak Furnitureland who were due to take space within the scheme have gone into administration, we are currently reviewing options for this unit.

- 7.28 Good progress has been made with the rent review programme with 36 having been completed within 2019/20 with the rent roll increasing by circa £31,000 p.a. Chancerygate currently have 63 reviews in progress.

- 7.29 In addition to this Property Services and their other advisors have completed 13 reviews during 2019/20 increasing rental levels by circa £5,000 p.a. A further 31 reviews are in progress.

- 7.30 Overall ground rent income has increased by 7.25%.

7.31 Economic Development Portfolio

7.32 The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

7.33 The Borderlands Growth Deal presents a once in a lifetime opportunity for the growth of the city with Carlisle seen as the “beating heart” of the Borderlands region. Schemes are being developed to transform areas around the Citadel station and the Courts area. The Council are a key partner in both schemes and have property assets, such as The Pools and the Old Gaol site that will be integral to delivery of the projects. As well as dealing with our own assets we are also assisting with site assembly. The programme not only offers transformational opportunities for the City by developing a HS2 compliant station and a home for the University of Cumbria but also potential income generating opportunities in the future.

7.34 The Southern relief road opens up further opportunities for growth of the City. We are currently awaiting final scheme proposals before considering further the options for development of Council owned land outlined for the Morton District Centre which will encompass both a retail element and employment land.

7.35 St Cuthbert’s Garden Village scheme continues to make good progress, with the proposals now focusing on smaller settlements rather than one large one.

7.36 Coronavirus pandemic

7.37 The Coronavirus pandemic has had a major impact on the operations of the City Council. The Authority has used its property portfolio to support the public sector response to the crisis by enabling the creation of a recovery centre at the Sands and public car parks have been converted to mobile testing stations.

7.38 From an operational perspective many buildings have been closed and colleagues working from home where possible. The challenge in the short term will be to install social distancing measures to allow buildings to safely reopen. The pandemic has demonstrated that large sections of the Council can work remotely and there is no longer the need for staff to be permanently based in offices such as the Civic Centre. Agile working is likely to become the norm in the future and now is the perfect time for the Council to grasp the opportunity.

7.39 There are a number of benefits for the Council; cost savings by reduced floor space requirements; environmental improvements with fewer people travelling into the

city reducing pollution; improved staff retention and recruitment, greater flexibility around the workplace is attractive to many especially younger job seekers who see agile working as an essential part of the package.

- 7.40 The UK economy is currently experiencing a period of severe contraction due to the Covid-19 pandemic. Short term income will inevitably be reduced and tenants will vacate despite the significant assistance provided by Central Government. The long-term impact is not yet clear, however it is likely that values will fall although this will vary between sectors and this will impact on the investment portfolio. Certain sectors such as the High Street will see major structural change and the Council aims to minimise the long-term effect on its income levels through proactive property management.
- 7.41 Further, the potential impact of the UK's withdrawal from the European Union (EU) and the uncertainty over its future trading relationship with the EU are other factors that could put downward pressure on property values.
- 7.42 The assets (and the values that will be realised from them) within the Disposals Programme will not be immune from the market influences and therefore the values achieved over the next few years may not be as great as previously forecast.

8. Conclusion

- 8.1 The Council has a highly rationalised and suitable service occupied portfolio. The key challenge will be to build on the opportunity that Coronavirus has given us to roll out agile working. The completion of the Civic ground floor redevelopment will provide an enhanced customer services operation and entrance to the building. Opportunities to co-locate with other public sector partners will be pursued.
- 8.2 The Sands Centre redevelopment offers an opportunity to enhance leisure facilities within the city it will also reduce our maintenance liability and support our aspirations for economic growth.
- 8.3 The Council has a significant investment property portfolio; the challenge will be to protect this income stream as the effects of the pandemic become clear.
- 8.4 The Council will continue to review its property portfolio and ensure that it is used to achieve the Council's operational, investment and economic development aims.

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 23 JULY 2020

BTSP.35/20 DRAFT ASSET MANAGEMENT PLAN 2021 TO 2026

The Corporate Director of Governance and Regulatory Services presented report GD.32/20 which set out the revisions to the Asset Management Plan which had been updated to reflect key issues and changes affecting the management and use of the City's property resources. The Plan also reported on the current position and performance of the portfolio, and the Asset Disposal Programme.

The Executive had considered the Draft Asset Management Plan 2021 to 2026 at their meeting on 20 July 2020 (Minute Excerpt EX.71/20 refers) and made the report available to the Panel for scrutiny.

In considering the Draft Asset Management Plan Members raised the following comments and questions:

- Green spaces supported the City Council's priorities for health and wellbeing and climate change; were they included in the Asset Management Plan?

The Property Services Manager agreed that green spaces were important and clarified that they were a key part of the Council's portfolio and were considered operational to provide services.

- How was the performance of Council property monitored?

The Property Services Manager reminded the Panel that Chancerygate managed Kingstown Industrial Estate and property assets; they produced annual Key Performance Indicators for their performance.

- What were the plans for the Newman School site when the Sands Centre redevelopment was complete?

The Property Services Manager reported that originally portacabins were going to be used to provide leisure services for GLL, an opportunity had presented itself to utilise the Newman School building. This resulted in a cost saving, the refurbishment of a building that was flood damaged and a legacy project. The Council had the lease for the building which would return to the Diocese with the aspiration that it remained in the education sector. Plans for its future use would not be finalised until the Sands Centre was nearly complete and the building was no longer required by the Council.

- Had work been undertaken to seize any opportunities that may come forward from Brexit?
- The Property Services Manager that the situation was being closely monitored for opportunities for the Council.

- The last property survey had taken place in 2018, would depreciation have affected the value of the properties?

The Property Services Manager explained that the condition surveys were undertaken every five years, this was a reasonable timescale to allow the Council to plan and budget for required maintenance work as well as give flexibility for reactive repairs.

- Had Covid 19 impacted the programme of repairs to assets?

The Property Services Manager confirmed that the programme had been delayed primarily due to issues within the supply chain for materials, contracts and in-house staff being unavailable, this was expected to continue for some time.

- What were the options for the development of the Morton District Centre?

The Property Services Manager responded that the site had been allocated as a local district centre and employment site. Development work on the future of the site would not progress until the route for the Southern Relief Road had been finalised due to the impact it would have on the site.

- A Member sought clarification with and an update on the assets which had been identified for disposal with significant issues.

The Corporate Director of Governance and Regulatory Services explained that the assets were varied and been acquired over a number of years, the issues were not necessarily regarding the condition of a property but were legal issues that needed addressed prior to disposal.

The Property Services Manager added that the lull in the market allowed the Council to progress with the due diligence work in order that when the market conditions improved the Council could proceed with disposals immediately.

- Considering the need to become more commercial would it be beneficial to refresh the Asset Review Business Plan to maximise the use of the assets to support a commercialisation policy moving forward.

The Corporate Director of Governance and Regulatory Service responded that the 2011 Asset Review Business Plan set the parameters which the Council would work within and the three categories that assets would be considered: investment, economic development and operational. However, it was continuously being reviewed alongside the Asset Disposal Programme and any opportunities which presented themselves to the Council.

- A Member asked for an update on the rent reviews.

The Property Services Manager assured the Panel that the rent reviews were moving forward as planned. He set out the issues that the Council faced when carrying out rent reviews and the reason for delays.

RESOLVED - That the Panel had considered and commented upon the draft Asset Management Plan 2021 to 2026 (GD.33/20).

Report to Executive

Agenda
Item:

A.4

Meeting Date: 17th August 2020

Portfolio: Environment and Transport

Key Decision: Yes

Within Policy and
Budget Framework Yes

Public Yes

Title: LED Footway Lighting Installation

Report of Director of Governance and Regulatory Services

Report Number: GD 36/20

Purpose / Summary:

The City Council maintains Footway Lights throughout the District. This report sets out a plan to upgrade 1073 of these lights to LED lanterns. The new lanterns will result in energy savings of 60%+ as well as greatly increasing the reliability of the lights which should reduce future maintenance costs. Capital funding for this work is already included in this year's budget and subject to release of the funding work should be completed by the end of November 2020.

Recommendations:

It is recommended that Members:

- (i) Authorise officers to progress the plan to upgrade footway lights to LED lanterns, as outlined in the report; and
- (ii) Approve the release of £203,100 to enable 1073 existing footway light units to be replaced with LED lights.

Tracking

Executive:	17 August 2020
Scrutiny:	
Council:	

1. BACKGROUND

- 1.1 The City Council has a responsibility to maintain any Footway Lighting which it has provided in the past, the City currently has a total of 1397 footways lights located around the district, approximately 50% rural area, 50% urban. Unlike the Street Lighting, which is provided by the County Council, and is intended to illuminate roads, the footway lights are located in a wide variety of locations, quiet roads, car parks, back lanes, cuts and footpaths etc. Most of these lights use light units which were installed many years ago and use old technology which is not very energy efficient.
- 1.2 Of the existing lighting stock 177 lights have already been converted to energy efficient LED light units, these are mainly the lights in our car parks and some parks. There are a further 147 lights which cannot easily be converted to LED lighting due to other work being required, such as painting, upgrading of lanterns etc. These are the ornamental lights in the City Centre, bridge parapets lights on the main bridges in the City, cast iron and concrete lights. It is expected that these lights will be upgraded over the next few years as part of public realm improvements or in connection with routine maintenance. This leaves 1073 lights which it is proposed to upgrade to LED lighting as detailed in the proposals below.

2. PROPOSALS

- 2.1 The proposal is to convert 1073 City Council Footway Lights to LED lighting units. The work will also include the replacement of the existing electrical cut-outs, photocells and earthing connections, in effect most of the electrical equipment which makes the lights work. As a result of this work the energy consumption of the lamps will be reduced by 60%+, the reliability of the lamps will be greatly improved which will result in lower maintenance costs. The light emitted by the LED lights will be more natural thus improving colour rendition, this is better than the orange light emitted by most of the existing lights.
- 2.2 The light units and associated electrical equipment are to be purchased from the County Council making use of their purchasing framework, this ensures value for money. With regard to the installation of the new lights this work will be undertaken by a contractor, tenders for this work are currently being invited. If the release of money is agreed it is hoped to have work completed by the end of November 2020.

3. RISKS

- 3.1 In preparing the details of this project extensive consultation has taken place with County Council officers to learn from their experience in doing similar work. The materials to be purchased and the installation procedures to be used are based on the work carried out by the County Council. This will hopefully reduce the potential for any unexpected problems and costs arising.
- 3.2 Over the last 4 years all our steel lighting columns have been checked for structural strength, a small number were defective and required replacement, it was considered prudent to do this work prior to any LED conversion programme. There is still a risk when the proposed works are carried out that further faults may be identified. At this stage it is envisaged that any issues will be small in number and repairs can be funded from the maintenance budget.

4. CONSULTATION

- 4.1 Consultation has taken place with Cumbria County Council lighting engineers to discuss any issues or problems they have experienced with their LED lighting replacement programme which is currently well underway. The works which it is proposed to carry out to replace the City Council footway lights is based on the same standards and specifications used by the County Council. It is hoped this will minimize the likelihood of problems arising.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 It is recommended that the funds of £203,100 are released to enable the conversion of the existing lights to LED lighting. This project is an “invest to save project”, the costs will be recovered in reduced energy costs and reduced maintenance costs within 5 years. The new lights will also provide a more natural light with better colour rendition than the existing lights. The reduction in energy consumption will help to contribute in the reduction of CO2 and reduce the council’s exposure to ever increasing energy costs.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1 The fitting of LED lights will support the Carlisle Plan priority to “Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle”

Contact Officer:

Keith Poole

Ext: 7541

Appendices **None**
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 – This Report seeks the release of the budget to fund the previously approved LED lighting scheme. Relevant contracts should be properly procured and legal documentation prepared by legal services.

PROPERTY SERVICES – No Property implications

FINANCE – A budget of £203,100 was approved by Council in the 2020/21 capital programme for LED Footway Lighting Installation and was subject to further reports to the Executive prior to the release of the earmarked reserve and any expenditure being incurred. This report satisfies that requirement and requests release of the earmarked budget. Recurring revenue saving of £46,000 from 2021/22 (£26,000 in 2020/21) were also approved as part of the 2020/21 budget in relation to this invest to save project.

EQUALITY – The new lights will also provide a more natural light with better colour rendition than the existing lights.

INFORMATION GOVERNANCE – There are no Information Governance Implications with this report.



NOTICE OF EXECUTIVE KEY DECISIONS

17 July 2020

Notice of Key Decisions

This document provides information on the 'key decisions' to be taken by the Executive within the next 28 days. The Notice will be updated on a monthly basis and sets out:

- Details of the key decisions which are to be taken;
- Dates of the Executive meetings at which decisions will be taken;
- Details of who will be consulted and dates for consultation;
- Reports and background papers which will be considered during the decision making process;
- Details of who to contact if further information is required
- Details of where the document can be inspected
- Details of items which the public may be excluded from the meeting under regulation 4(2) and the reason why
- Details of documents relating to the decision which need not, because of regulation 20(3) be disclosed to the public and the reason why.

The dates on which each new Notice will be published are set below:

Publication Dates

6 March 2020	14 August 2020
24 April 2020	11 September 2020
22 May 2020	9 October 2020
19 June 2020	13 November 2020
17 July 2020	14 December 2020

Key decisions are taken by the City Council's Executive and these are usually open to the public. Agendas and reports and any other documents relevant to the decision which may be submitted can be viewed in the Customer Contact Centre at the Civic Centre, Carlisle or on the City Council's website (www.carlisle.gov.uk). Agendas and reports are published one week ahead of the meeting.

A Key Decision is an Executive decision which is likely –

- (a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant* having regard to the local authority's budget for the service or function to which the decision relates;
- (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the relevant local authority.

*significant expenditure or savings to the authority in excess of £70,000

The City Council's Executive Members are:

Councillor J Mallinson (Leader / Chairman)
Councillor G Ellis (Deputy Leader, and Finance, Governance and Resources Portfolio Holder)
Councillor N Christian (Environment and Transport Portfolio Holder)
Councillor S Higgs (Culture, Heritage and Leisure Portfolio Holder)
Councillor Mrs Mallinson (Communities, Health and Wellbeing Portfolio Holder)
Councillor P Nedved (Economy, Enterprise and Housing Portfolio Holder)

Should you wish to make any representations in relation to the items being held in private or If you require further information regarding this notice please contact Democratic Services on 01228 817039 or committeeservices@carlisle.gov.uk

Index of Active Key Decisions

		Date Decision to be considered:	Date Decision to be taken:
KD.01/20	Local Environment (Climate Change) Strategy	10 February 2020 (under General Exception) consultation period to include Overview and Scrutiny as appropriate (EX.18/20)	12 October 2020
KD.07/20	Homelessness and Rough Sleeping Strategy 2021-2026	12 October 2020 consultation period to include Overview and Scrutiny as appropriate	14 December 2020
KD.13/20	The Asset Management Plan 2021 - 2026	20 July 2020 consultation period to include Overview and Scrutiny as appropriate	17 August 2020
KD.15/20	The Medium Term Financial Plan (including the Corporate Charging Policy) & the Capital Investment Strategy 2021/22 to 2025/26	20 July 2020 consultation period to include Overview and Scrutiny as appropriate	17 August 2020
KD.20/20	LED Footway Lighting Installation		17 August 2020

Notice of Key Decisions to be taken by the Executive

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

Key Decision Reference:	KD.01/20
Type of Decision:	Executive
Decision Title:	Local Environment (Climate Change) Strategy
Decision to be taken:	The Executive will be asked to recommend the adoption of the strategy to Council
Date Decision to be considered:	10 February 2020 (under General Exception) consultation period to include Overview and Scrutiny as appropriate (EX.18/20)
Date Decision to be taken:	12 October 2020
Is the Decision Public or Private?:	The decision will be taken in public.
Documents submitted for consideration in relation to the Decision:	Report PC.02/20 - Local Environment (Climate Change) Strategy on 10 February 2020
Contact Officer for this Decision:	Corporate Director of Economic Development, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Environment and Transport (Councillor Christian)
Relevant or Lead Overview and Scrutiny Panel:	Health and Wellbeing Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website www.carlisle.gov.uk.

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

Notice of Key Decisions to be taken by the Executive

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

Key Decision Reference:	KD.07/20
Type of Decision:	Executive
Decision Title:	Homelessness and Rough Sleeping Strategy 2021-2026
Decision to be taken:	The Executive will be asked to support the strategic priorities identified as part of a statutory review and consultation process; targeting Homelessness and Rough Sleeping in Carlisle from 2021 to 2026.
Date Decision to be considered:	12 October 2020 consultation period to include Overview and Scrutiny as appropriate
Date Decision to be taken:	14 December 2020
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Governance and Regulatory Services will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Governance and Regulatory Services, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Economy, Enterprise and and Housing (Councillor Nedved)
Relevant or Lead Overview and Scrutiny Panel:	Health and Wellbeing Scrutiny Panel

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

Notice of Key Decisions to be taken by the Executive

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

Key Decision Reference:	KD.13/20
Type of Decision:	Executive
Decision Title:	The Asset Management Plan 2021 - 2026
Decision to be taken:	The Executive will be asked to consider the Council's Asset Management Plan and make recommendations to Council.
Date Decision to be considered:	20 July 2020 consultation period to include Overview and Scrutiny as appropriate
Date Decision to be taken:	17 August 2020
Is the Decision Public or Private?:	The decision will be taken in public
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Governance and Regulatory Services will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Governance and Regulatory Services, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Ellis)
Relevant or Lead Overview and Scrutiny Panel:	Business and Transformation Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website www.carlisle.gov.uk.

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

Notice of Key Decisions to be taken by the Executive

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

Key Decision Reference:	KD.15/20
Type of Decision:	Executive
Decision Title:	The Medium Term Financial Plan (including the Corporate Charging Policy) & the Capital Investment Strategy 2021/22 to 2025/26
Decision to be taken:	The Executive will be asked to consider the Council's Medium Term Financial Plan and Corporate Charging Policy, and the Council's Capital Investment Strategy and make recommendations to Council.
Date Decision to be considered:	20 July 2020 consultation period to include Overview and Scrutiny as appropriate
Date Decision to be taken:	17 August 2020
Is the Decision Public or Private?:	The decision will be taken in public.
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director Finance and Resources will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Finance and Resources, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Finance, Governance and Resources (Councillor Ellis)
Relevant or Lead Overview and Scrutiny Panel:	Business and Transformation Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website www.carlisle.gov.uk.

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

Notice of Key Decisions to be taken by the Executive

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

Key Decision Reference:	KD.20/20
Type of Decision:	Executive
Decision Title:	LED Footway Lighting Installation
Decision to be taken:	The Executive will be asked to release the funding of £203,100 allocated to the LED Footway Lighting Installation project as part of the annual budget resolution.
Date Decision to be considered:	
Date Decision to be taken:	17 August 2020
Is the Decision Public or Private?:	The decision will be taken in public.
Documents submitted for consideration in relation to the Decision:	The report of the Corporate Director of Governance and Regulatory Services will be available five working days before the meeting
Contact Officer for this Decision:	Corporate Director of Governance and Regulatory Services, Carlisle City Council, Civic Centre, Carlisle, CA3 8QG
Relevant Portfolio Area:	Environment and Transport (Councillor Christian)
Relevant or Lead Overview and Scrutiny Panel:	Economic Growth Scrutiny Panel

All public reports can be viewed in the Customer Contact Centre of the Civic Centre, Carlisle, the Public Library and on the Council's website www.carlisle.gov.uk.

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

Notice prepared by Councillor John Mallinson,
Leader of Carlisle City Council

Date: 17 July 2020

Notice of Decision taken by The Leader – Councillor John Mallinson

Leader's Decision Reference:	LD.03/20
Subject Title:	Representatives on Outside Bodies 2020/21
Subject Matter:	<p>The Leader was asked to consider and consult on the Member representation on outside bodies for 2020/21.</p> <p>Set out in Appendix A of report GD.24/20 are the details of those bodies to which the Executive is responsible for making appointments. The decision to appoint representation will be taken as a Leader's decision to streamline the matters being considered by the Executive during the Covid 19 pandemic. The table shows the outside organisation, the current representative, the required appointment and the Executive's proposals.</p> <p>City Council representation is no longer required on the Cumbria Planning Group or Carlisle Sports Council.</p>
Relevant Portfolio Area:	Cross Cutting
Decision Taken:	To appoint Members to represent the Council on outside bodies for 2020/21 as set out in the table appended hereto.
Key or Non-Key Decision:	NO
Date Decision Made:	29 June 2020
Reports and Background Papers considered:	None.
Reasons for Decision:	To ensure that the Council are represented on outside bodies within the Community.
Details of alternative options considered and rejected:	Not to appoint Member representation to outside bodies
Interests Declared:	None
Date published:	29 June 2020
Urgent Decision not subject to call in:	No

Consent of Chairman/Deputy Chairman of Council to Urgency:		N/A
Deadline for call-in:	6 July 2020 @1700 hours	
Implementation date if not called in:	7 July 2020	
Relevant Scrutiny Panel:	Business and Transformation Scrutiny Panel, Economic Growth Scrutiny Panel, Health and Wellbeing Scrutiny Panel	
Call-in notified to and date notified:		
Approved for implementation on:	7 July 2020	

All public reports can be viewed on the Council's website www.carlisle.gov.uk

Notice of Decision taken by The Leader – Councillor John Mallinson

Leader's Decision Reference:	LD.04/20	
Subject Title:	Representatives on Outside Bodies 2020/21 – Carlisle Healthy City Steering Group	
Subject Matter:	<p>The Leader was asked to consider and consult on the Member representation on outside bodies for 2020/21 and took decision LD.03/20 (report GD.24/20) appointing representation to organisations which the Executive is responsible for.</p> <p>The Healthy City Steering Group had one appointment, Councillor Mrs Mallinson, and required a further two appointments. Councillor Miss Lee Sherriff is to be appointed as one of the representatives on the Health City Steering Group.</p> <p>It was also noted that City Council representation is no longer required on the George Moore Education Trust</p>	
Relevant Portfolio Area:	Cross Cutting	
Decision Taken:	To appoint Councillor Miss Lee Sherriff as a representative on the Carlisle Healthy City Steering Group.	
Key or Non-Key Decision:	NO	
Date Decision Made:	7 July 2020	
Reports and Background Papers considered:	None.	
Reasons for Decision:	To ensure that the Council are represented on outside bodies within the Community.	
Details of alternative options considered and rejected:	Not to appoint further Member representation to the Healthy City Steering Group.	
Interests Declared:	None	
Date published:	7 July 2020	
Urgent Decision not subject to call in:	No	
Consent of Chairman/Deputy Chairman	N/A	

of Council to Urgency:		
Deadline for call-in:	14 July 2020 @1700 hours	
Implementation date if not called in:	15 July 2020	
Relevant Scrutiny Panel:	Health and Wellbeing Scrutiny Panel	
Call-in notified to and date notified:		
Approved for implementation on:	15 July 2020	

All public reports can be viewed on the Council's website www.carlisle.gov.uk

Notice of Decision taken by The Leader – Councillor John Mallinson

Leader's Decision Reference:	LD.05/20
Subject Title:	Carlisle Southern Link Road, Housing Infrastructure Fund, Grant Determination Agreement ("GDA") and Collaboration Agreement
Subject Matter:	To update Members on the amendments to the Grant Determination Agreement (GDA) and the Collaboration Agreement approved by Executive on 27 May 2020. To seek approval to enter into the GDA with Homes England for £134m of grant funding from MHCLG's Housing Infrastructure Fund (HIF) and to enter into the Collaboration Agreement with Cumbria County Council.
Relevant Portfolio Area:	Leader of the Council
Decision Taken:	<ol style="list-style-type: none"> 1. Note and accept the obligations upon Carlisle City Council within the GDA to support the delivery of the Carlisle Southern Link Road and to facilitate the development of up to 10,325 new homes at St Cuthbert's Garden Village to the south of Carlisle. 2. Delegate authority to the Corporate Director of Governance to enter into the Grant Determination Agreement with Homes England, alongside Cumbria County Council (who will receive £134m of grant funding to construct the Carlisle Southern Link Road), in line with the draft agreement attached at Appendix 1. 3. Delegate authority to the Corporate Director of Governance to enter into a separate Collaboration Agreement with Cumbria County Council (annexed to report ED.30/20) covering the more detailed practicalities of monitoring, reporting, financial contributions and liabilities within the overall parameters of the GDA.
Key or Non-Key Decision:	YES - Key decision KD.02/20

Date Decision Made:	31 st July 2020
Reports and Background Papers considered:	See Executive Report ED 23/20 (available on CMIS) and ED.30/20 (attached).
Reasons for Decision:	Confirmation of £32m additional funding was received on 13 July 2020, increasing the grant funding from £102m to £134m. This is subject to contracting of the GDA being complete by 31 July 2020.
Details of alternative options considered and rejected:	Not to enter into the Grant Determination Agreement or the Collaboration agreement which will mean the loss of the £134m HIF funding and will have an impact on delivering St Cuthbert's Garden Village
Interests Declared:	None
Date published:	31 st July 2020
Urgent Decision not subject to call in:	YES
Consent of Chairman/Deputy Chairman of Council to Urgency:	YES
Deadline for call-in:	N/A
Implementation date if not called in:	N/A
Relevant Scrutiny Panel:	Economic Growth Scrutiny Panel
Call-in notified to and date notified:	N/A
Approved for implementation on:	31 st July 2020

All public reports can be viewed on the Council's website www.carlisle.gov.uk

INDIVIDUAL PORTFOLIO HOLDER DECISIONS

Below is a list of decisions taken by Individual Portfolio Holders acting under delegated powers, full details can be viewed on the Council's website www.carlisle.gov.uk:

PF.7/20

Events Cancellation

Portfolio Holder who made the Decision:

Councillor Stephen Michael Higgs

Portfolio Area:

Subject Matter:

Cancellation of the annual Carlisle Fireshow and Carlisle Christmas lights switch on events

Summary of Options rejected:

Continue with organising the events in the hope that government guidance and pandemic conditions change to allow the events to proceed.
Delivering the events with some form of social distance intervention.
Neither of these two options are considered a responsible way forward.

DECISION

In accordance with government guidance during the COVID-19 pandemic regarding delivering events with large crowds:

1. The 2020 Carlisle Fireshow has been cancelled.
2. The 2020 Carlisle Christmas lights switch on has been cancelled.

Reasons for Decision

It is not considered possible to organise these two events in a Covid secure way under current Government guidance:

- Compromising social distancing.
- Putting pressure on the transport network.
- Putting pressure on emergency services.

Proceeding with organising the event would commit the Council to significant financial liabilities

Background Papers considered:

Winter Events JMT briefing note - The report is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as the report contains exempt information relating to the financial or business affairs of any particular person (including the authority holding that information)

Date Decision Made: 22 July 2020

**Implementation
Date:**

INDIVIDUAL PORTFOLIO HOLDER DECISIONS

Below is a list of decisions taken by Individual Portfolio Holders acting under delegated powers, full details can be viewed on the Council's website www.carlisle.gov.uk:

PF.6/20

COVID-19 – Discretionary Business Grant

Portfolio Holder who made the Decision:

Councillor John Mallinson

Portfolio Area:

Subject Matter:

Carlisle City Council's Policy on the administration of the COVID-19 Discretionary Business Grants scheme

Summary of Options rejected:

None

DECISION

To adopt this policy which sets out Carlisle City Council's approach to administration of this Government funded discretionary grant scheme. That the administration of the Discretionary Business Grants Scheme in Carlisle be undertaken by Economic Development team, with the Corporate Director for Economic Development certifying grant payments following assessment of applications against the criteria set out in the policy.

Reasons for Decision

Carlisle has been allocated a fixed budget of £1.36 million to distribute to local businesses. The Council has therefore sought to use this allocation to balance supporting as many businesses as it can with this fund, with providing individual grants that amount to meaningful support for businesses. This policy uses the Government guidance and criteria to guide the decision making and processes for the administration of this Government fund.

Background Papers considered:

Covid-19 – Discretionary Business Grants Carlisle City Council Policy

Date Decision Made: 28 May 2020

**Implementation
Date:**

Officer Decisions

A.7

Below is a list of decisions taken by Officers which they have classed as significant, full details and supporting background documents can be viewed on the Council's website www.carlisle.gov.uk/CMIS/

Decision Ref No	Title: Subject and Decision Taken:	Reports and Background Papers considered:	Date Decision Taken:	Decision Maker:
OD.88/20	Licensing Decisions taken between 1 July and 31 July 2020 The Licensing Manager has granted the attached licences or permissions under an express authorisation delegated to her and in accordance with the Council's policy requirements.	Applications for various licences. Private Not for Publication by Virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act.	03 August 2020	Licensing Manager
OD.87/20	Temporary suspension and refund of charges for delivery of recycling bags and boxes. The Council charges for the delivery of recycling bags and boxes provided to residents. The charge for delivery is £2.00 per item. Recycling bags and boxes are free if collected from the Civic Centre. As the Civic Centre has been closed to the public since the start of 'lockdown', the collection option is currently not available, so it is appropriate to suspend the delivery charges until the collection option is available again. A decision has been taken to suspend the charges and to process refunds for those residents that have paid for delivery during this time with refunds likely to be in the range of £2.00 to £6.00.	None	30 July 2020	Neighbourhood Services Manager
OD.86/20	Sands Centre Redevelopment Project (Variation No.7, 10th July 2020) Following appropriate consultation as set out in the Scheme of Delegation (Appendix E of report CS17/19) to vary the Sands Centre Pre-Contract Services Delivery Agreement to incorporate works required to enable the main contract which is still to be agreed. These works are described below: In addition to Variation No.7 instructed 3 rd July 2020. <ul style="list-style-type: none">Extend the period of hire for the enabling works site welfare for 7 weeks – composite	Report CS.17/19 Sands Centre Redevelopment - Council 25 June 2019	10 July 2020	Deputy Chief Executive Pursuant to the scheme of delegation attached as Appendix E to Report CS17/19

	<ul style="list-style-type: none"> ▪ Set up of the main contract welfare units including temporary service connections - Composite (cost deductible from Main Contract) ▪ Wates staff and management costs for 7 weeks (cost deductible from Main Contract) ▪ Archaeological trench work based on original scope (cost deductible from Main Contract) ▪ Asbestos removal based on the information available from the existing asbestos management survey information ▪ Block out fire doors in the street (taken out of the Enabling works contract) ▪ Design work associated with Pool filtration, remediation, secondary steel work and reinforcing schedules i.e. detailed design work associated with the early work packages - composite (cost deductible from Main Contract) ▪ Scape fee associated with the above at 2.6% (cost deductible from Main Contract) <p>Cost of this variation (to be deducted from the Main Contract sum) = £311,764.60</p>			
OD.84/20	<p>Release of S106 Funds to Capital Programme, 11061 06/0667 13/0983 – Carleton Farm, aka Speckled Wood.</p> <ul style="list-style-type: none"> • A sum of £57,815.96 was received from Persimmon Homes on 15/02/2017 as part of a Section 106 (developer contribution) agreement for a residential development off Cumwhinton Road, Carlisle. • The agreement states that the funds were to be spent on “improvements to sports facilities at Dale End Field” with a deadline of 15th February 2022. • The Healthy City Team intends to use a proportion of this funding as part of a scheme to deliver a new BMX ‘Pump Track’ on Dale End Field, close to the existing play area and multi-use games area. • A consultation exercise with residents when the play area was redeveloped in 2014 revealed a desire for such a facility, since when council officers have carried our fundraising in partnership with Carlisle South Community Association and completed additional consultation. • A grant of £30,000 from Cumbria Waste Management Environment Trust will form the majority share of the project budget, however an additional contribution of £8,000 from S106 funds is required for the following purposes: 	None	08 July 2020	Deputy Chief Executive

	<ul style="list-style-type: none"> o £5,000 - construction budget top-up. o £2,000 – consulting engineer's fees. o £700 – planning application fee. o £300 – independent post completion safety inspection. • The sum of £8,000 therefore requires transferring to the capital programme in readiness for the commissioning of the consulting engineer and beginning of the planning application process. 			
OD.85/20	<p>Sands Centre Redevelopment Project (Variation No.7 & Revision A)</p> <p>Following appropriate consultation as set out in the Scheme of Delegation (Appendix E of report CS17/19) to vary the Sands Centre Pre-Contract Services Delivery Agreement to incorporate works required to enable the main contract which is still to be agreed. These works are described below:</p> <p>Amend the scope of works and cost instruction to include the procurement and carrying out of the Asbestos Refurbishment and Demolition Survey and erection of the hoarding in the position shown on the plan attached and marked PCDSA Site Boundary plan 30062020 (Appendix 1).</p> <p>The costs of these works are to be deducted from the Main Contract sum.</p> <p>Cost of these works = £41,184.65</p>	CS.17/19 - Sands Centre Redevelopment Council 25/06/19	03 July 2020	Deputy Chief Executive Pursuant to the scheme of delegation attached as Appendix E to Report CS.17/19
OD.82/20	<p>Temporary use of parking spaces at Lowther Street Car Park.</p> <p>Cumbria County Council will be carrying out highway improvement works, to be carried out by a contractor, to Lowther Street from the junction of Lonsdale Street to Drover's Lane. These works are scheduled to commence on Monday 06 July 2020 and estimated to run for three weeks. To minimise disruption on this key route, the works will be carried out through the night.</p> <p>As part of the works a request has been received to use the adjacent Lowther Street Car Park for storage of plant and equipment for the works. A secure compound will be created covering an area of approximately seven parking bays.</p> <p>Carlisle City Council has agreed to this request and agreed a fee, payable by the contractor to cover the dedicated use of these parking bays for the duration of the works.</p>	None	02 July 2020	Neighbourhood Services Manager
OD.81/20	Licensing decisions taken between 1 June 2020 and 1 July 2020	Applications for various licences. Private Not for	01 July 2020	Licensing Manager

	The Licensing Manager has granted the attached licences or permissions under an express authorisation delegated to her and in accordance with the Council's policy requirements. (can be viewed on the Council website http://CMIS.carlisle.gov.uk/CMIS/CouncilDecisions/OfficerDecisions.aspx)	Publication by Virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act.		
OD.83/20	Citadels Site Assembly To enter into a formal Collaboration Agreement with Cumbria County Council to undertake necessary site assembly at the Citadels site.	None	17 June 2020	Corporate Director of Economic Development

JOINT MANAGEMENT TEAM

MINUTES – 20th July 2020

Attendees	Leader; Deputy Leader; PH Economy, Enterprise & Housing; PH Environment & Transport; PH Culture, Heritage & Leisure; PH Communities, Health & Wellbeing; Chief Executive; Corporate Director of Governance & Regulatory Services; Corporate Director of Finance & Resources; Corporate Director of Economic Development; Regeneration Manager; Health & Wellbeing Manager
Apologies	Deputy Chief Executive

Agenda Item 1 – Minutes of Meeting 22nd June 2020	Action
Noted and agreed	
Agenda Item 2 – Future High Street Fund – Overview of the Business Case & Projects	
The Regeneration Manager led the discussion on this item following circulation of the Report and Slides. A full discussion then took place and queries / questions raised by the Executive were responded to. The Executive thanked the Regeneration Manager for his update	
Agenda Item 3 – Towns Fund Accelerated Projects	
The Regeneration Manager referred the content of the Report circulated to the Executive. A full and detailed round table discussion followed. The Executive then thanked the Regeneration Manager for the detailed information	

Agenda Item 4 – Winter Events	
The Portfolio Holder for Culture, Heritage & Leisure thanked the Health & Wellbeing Manager for his Briefing Note circulated to the Executive ahead of the meeting. Various options were provided, and consideration will be given to these prior to a final decision by the Portfolio Holder	
Agenda Item 5 – Updates on Borderlands; Civic Centre; St Cuthbert’s Garden Village; Central Plaza; J44	
Members of SMT provided the Executive with their update on the current position regarding each area	
Agenda Item 6 – Recovery Plan For Council Tax	
The Corporate Director of Finance & Resources presented this paper to the Executive who agreed the recommendations within it	
Agenda Item 7 – Future Items for Notice of Executive Key Decisions	
Noted and agreed	
Agenda Item 8 - JMT Forward Plan	
Reviewed and updated	

Report to Executive

Agenda
Item:

A.9

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: REVENUE BUDGET OVERVIEW & MONITORING REPORT:
APRIL TO JUNE 2020
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD20/20

Purpose / Summary: This report provides an overview of the Council's overall budgetary position for the period April to June 2020 for revenue schemes only and provides details of the impact of COVID-19 on the revenue budget. The report also includes details of balance sheet management issues, bad debts written off in the period and progress against the budget savings is also provided.

Recommendations:

The Executive is asked to:

- (i) Note the budgetary performance position of the Council to June 2020;
- (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A;
- (iv) Make recommendations to Council to approve virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation.

Tracking

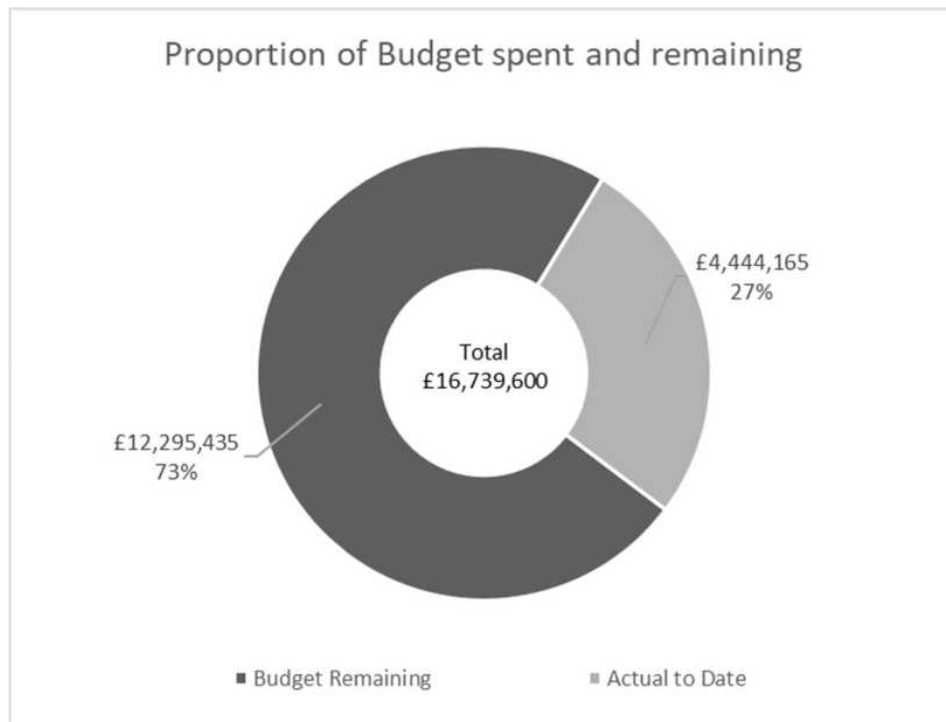
Executive:	17 August 2020
Scrutiny:	3 September 2020
Council:	3 November 2020

1. BACKGROUND INFORMATION AND OPTIONS

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

2. 2020/21 REVENUE BUDGET MONITORING

2.1 The budget position of the Council as at June 2020 is as follows:



2.2 The summarised revenue budgetary position as at June 2020 is shown in the following table:

		Original Budget £	Net Updated £	Net Budget to Date £	Net Spend to Date £	Variance £
Community Services	B1	10,263,400	10,153,200	2,101,908	2,331,539	229,631
Corporate Support	B2	1,685,100	1,598,300	482,150	489,953	7,803
Economic Development	B3	1,808,900	1,979,200	471,570	550,290	78,720
Finance & Resources	B4	1,418,300	1,391,600	1,745,440	1,044,957	(700,483)
Governance & Regulatory Services	B5	1,157,900	1,630,000	384,585	323,761	(60,824)
Corporate Management	B6	(2,491,600)	(12,700)	(206,245)	(296,335)	(90,090)
Service Expenditure		13,842,000	16,739,600	4,979,408	4,444,165	(535,243)
Parish Precepts		688,200	688,200	688,200	687,965	(235)
Total		14,530,200	17,427,800	5,667,608	5,132,130	(535,478)
Transfers to/(from) Reserves						
Cremator Replacement Reserve		0	31,000			
Carry Forward Reserve		0	(22,300)			
Revenue Grants Reserve		0	(443,800)			
General Fund Reserve		(456,100)	(960,700)			
Planning Services Reserve		0	(13,700)			
Flood Reserve		0	(1,944,200)			
Total Transfer to/(from) Reserves		(456,100)	(3,353,700)	(2,149,083)	(1,233,985)	915,098
Financed by:						
Precept from Collection Fund		(8,205,200)	(8,205,200)	(2,051,300)	(2,051,195)	105
Business Rate Retention		(5,868,900)	(5,868,900)	(1,467,225)	(1,846,950)	(379,725)
Total Grants		(14,074,100)	(14,074,100)	(3,518,525)	(3,898,145)	(379,620)
Total		(14,530,200)	(17,427,800)	(5,667,608)	(5,132,130)	535,478

2.3 Further details for each directorate can be found in **Appendices B1 – B6**. Each appendix shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. The main variances are also summarised in the table below.

Budget Area		Underspend £	Overspend £
Bereavement Services	B1	(87,276)	0
Car Parking Income	B1	0	275,600
Leisure Contract	B1	0	147,240
Recycling & Waste Services	B1	(71,775)	0
Building Control Fee Income	B3	0	48,633
Loan Interest (including new borrowing)	B4	(626,373)	0
Investment Interest Received	B4	(46,319)	0
Homeless Accommodation	B5	0	90,584
Other Rental Properties Income	B5	(82,497)	0
Salary Turnover Savings	B6	(157,143)	0
Inflation Savings still to find	B6	0	54,200

2.4 Some of the **significant** service expenditure and income variances are set out below:

- A net underspend in Bereavement Service due to increased cremation fee income received; this may be due partly to Covid-19.
- A shortfall in car parking income from tickets, permits and penalty charge notices due to Covid-19.
- An overspend on the Leisure contract due to a variation to contract agreed as part of the approval to proceed with the Sands Centre Development project. The budget required for the variation in 2020/21 is £640,000 and the following virements are proposed for recommendation to Council for approval:

Virement from:

Savings on borrowing interest from Stock Issue	£469,300
Increased salary turnover savings	£170,700

- A net underspend in Recycling and Waste Services due to reduced transport costs and increased income from plastic and card recycling.
- A shortfall in Building Control fee income due to Covid-19 and a drop in applications (and associated submission fees) and work commencing on site (and associated inspection fees).
- A saving from interest on borrowing due to no new borrowing entered into yet and also a budget saving against the final stock issue interest payment.
- Higher than expected returns to date on Investments due to higher cash balances.
- Increased income position from Other Properties to date due an invoice raised to recover backdated insurance income, however rental income is underachieved and the anticipated year end position will be an overall shortfall in income.
- An overspend of £1,069 on expenditure on Homeless Accommodation and a shortfall in income of £89,515. This is a direct result of Covid-19 as changes to occupancy and the available provision have had to be made to ensure the health and wellbeing of residents and staff.
- Additional salary turnover achieved against the budget to date.
- A balance of £54,200 of inflation savings still to be found on a recurring basis.

2.5 A subjective analysis of the summarised budgetary position excluding exceptional items as at June is shown in **Appendix C**.

2.6 The following table provides a summary position of the income and expenditure within Exceptional Items:

		Original Budget £	Net Updated £	Net Budget to Date £	Net Spend to Date £	Variance £
Flood Related	B7	0	0	0	25,958	25,958
Covid-19 Related	B7	0	544,000	136,164	(871,552)	(1,007,716)
Covid-19 Grants	B7	0	0	0	(3,742,000)	(3,742,000)
Total Exceptional Items		0	544,000	136,164	(4,587,594)	(4,723,758)
Transfer to/(from) Reserves						
General Fund Reserve		0	(544,000)			
Total Transfer to/(from Reserves)		0	(544,000)			

2.7 Further details for each directorate can be found in **Appendix B7** which shows a breakdown of the variances for the Directorate, with comments and a note of any performance issues. The main variances are also summarised below.

- An overspend in relation to uninsured and reinstatement costs as a result of flooding caused by Storm Ciara. Potential insurance settlements are still being negotiated.
- A net underspend position on Council related expenditure as a result of Covid-19. The balance will be required to support other pressures/shortfalls in income (reported above) that are currently reported against individual service areas but are a direct result of Covid-19 e.g. car parking income.
- A net underspend on the Covid-19 grants that are still being paid out. All grants paid will be subject to a reconciliation process and any remaining balance of the grant income received will be required to be returned to Central Government.

2.8 The following table shows the position as at June 2020 of savings achieved against the budget savings targets to date.

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Inflation savings	100,000	45,800	54,200
Net Recurring position 2020/21	100,000	45,800	54,200
To be found from 2021/22 onwards	1,000,000	0	1,000,000
Total Net Recurring position 2021/22	1,100,000	45,800	1,054,200

The recurring savings targets approved above will need to be achieved in accordance with the three current strands contained within the approved Savings

Strategy i.e. Asset Strategy; Service Reviews; Core Budgets. The recent Peer Review also reinforced the need for a robust savings strategy to close the anticipated £1million funding gap, and to undertake and implement a base budget review, both of which have already been recognised by Council; however, a further recommendation has been made which could be considered as part of this Savings Strategy:

- Develop a commercial strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity;

3. FORECAST OUTTURN POSITION 2020/21

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

These include:

- The general effect of local economic activity on the Council's income streams e.g. car parking, tourism and leisure activities, and property rentals especially in relation to the retail sector and especially economic recovery following Covid-19.
- Fuel prices, energy costs and other inflationary issues.
- The effects of the housing market and property prices, especially with regard to income from land charges, rents and building and development control.
- The impact of the delay to the Spending Review, the Fair Funding Review and Business Rates Retention Review.
- The impact of Covid-19 – further government support through emergency funding and the new funding package in relation to the additional funds and a co-funding process for loss of income on sales, fees and charges.

3.2 The Council's financial position will continue to be closely monitored and likely year end position will be reported more fully in a future monitoring report. It will be important to maintain a prudent approach to ensure a sustainable position for future years to avoid any significant variance at year end.

3.3 The areas of significant variance noted in this report will also be scrutinised fully and incorporated into the 2021/22 budget process if the position is deemed to be recurring in nature.

4. IMPACT OF COVID-19

4.1 Emergency Funding

4.1.1 The MHCLG announced and allocated initially £3.2bn of emergency funding to local authorities to:

- Provide additional support for the homeless and rough sleepers, including where self-isolation is needed.
- Meet pressures across other services, as a result of reduced income, rising costs or increased demand.

4.1.2 The Council received £58,738 on 27th March from tranche 1 (£1.6bn) and £1,073,081 on 14th May from tranche 2 (£1.6bn), so £1,131,819 in total, which will be allocated across affected services.

4.1.3 A new comprehensive funding package for Councils has since been announced to help address coronavirus pressures and to cover lost income during the pandemic; although detailed guidance is still awaited, the support package covers:

- A further £500million of funding to cover local authority spending pressures;
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income;
- Phased repayment of Collection Fund deficits over the next 3 years;
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

The Council received £196,335 from this recent £500million allocation, but as yet no details of how the compensation for the loss of Sales Fees and Charges has been received. The guidance only refers to compensation for lost sales, fees and charges income and is currently silent on the reimbursement for any losses of commercial income which could also have a significant impact on our budget position.

4.1.4 Monthly returns are provided through DELTA to the MHCLG, with the latest return being submitted on 31st July 2020. An assessment of the annual impact is very difficult to predict but as more data is collected each month, the position will become clearer and therefore the estimates of lost income and additional costs incurred may change. The returns that have been submitted monthly show an overall position for the three months April to June 2020 as a total potential cost to the Council of £1,217,243; however, once additional income and cost savings in those areas affected are taken into account, the actual losses shown to the end of June in the budget monitoring (above) is £778,179.

- 4.1.5 The full-year impact for 2020/21 still has to be assessed with initial estimates indicating a potential annual cost of up to £3.7million. This excludes the impact of any cost savings or additional income generated which should be netted off this figure and doesn't reflect any receipt of any compensation payment for losses of Sales, Fees and Charges, nor does it reflect the impact on the Collection Fund.
- 4.2 Collection Fund
- 4.2.1 As a result of the 100% business rate relief provided to the retail, leisure and hospitality sector, the net business rates payable for 2020/21 has reduced by approximately £21million from £44million to £23million.
- 4.2.2 The Council will be recompensed during the year for the 100% relief so there will no cash flow or budget issues; however, the main risk relates to the receipt of the £23million payable from businesses and how these are affected by COVID-19 and economic recovery following lockdown. Collection rates are reported elsewhere on the agenda (RD22/20) and these will continue to be monitored to assess the financial impact on cash flow, bad debts and the potential for year-end deficits.
- 4.2.3 The £500million Hardship Fund will provide support to economically vulnerable people and households by providing relief to council taxpayers. The Council's allocation was £989,736 and our agreed scheme will provide a £300 reduction in council tax liability to working age recipients of the Council Tax Reduction Scheme (CTRS); with the balance of our allocation being used to support further applications for council tax support on a case by case basis.
- 4.2.4 The main risk relates to how the expected overall increase in CTRS claimants, and the associated cost of CTRS relief, will be funded and be provided to the Council. An increase in claimants directly impacts on the council tax base and ultimately the yield from council tax. The cost of the current CTRS scheme is shared between the main preceptors but there has been no government support announced as yet to provide funding for any increase in additional claimants. Similar to business rates, the collection rates for council tax are reported elsewhere on the agenda and will be closely monitored for cash flow, bad debts and increases in CTRS claimants.
- 4.2.5 The main risk for both business rates and council tax is the potential loss of income with the resulting impact on cash flow for the main precepts on the Collection Fund. The technical nature of this fund means that any 2020/21 deficit will be reflected in the following years budget; however, the recent Government announcement means that any deficit can be recovered over a three-year period – this will be considered as part of the 2021/22 budget process.

- 4.2.6 New burdens funding will be provided for all of the schemes administered by the Council and to date £170,000 has been received in respect of the small business, and retail, leisure and hospitality grant schemes.

5. FUNDING

- 5.1 The main sources of funding for the Council are Council Tax Income and Business Rates income. Council Tax income does not vary in year from the amounts set at the budget, as any variation in Council Tax income received is usually adjusted in the Collection Fund Surplus/Deficit calculation for the following year's budget. However, the MHCLG has announced a 3-year deficit recovery period (see 4.2.5 above).
- 5.2 Business Rates Income is largely prescribed by the amounts submitted to MHCLG on the NNDR1 form which estimates Business Rate Income for the year when calculated in January, however, there are two elements of this income that can vary throughout the year, namely, section 31 grants paid by government for business rates reliefs granted, and the levy and pooling calculations to the Cumbria Pool.
- 5.3 The current estimates of Business Rates income for the quarter to the end of June has not yet been completed due to the deadline for NNDR3 being pushed back and the figures presented are as per initial estimates submitted in January 2020 and are shown in **Appendix D**.

The figures show that based on NNDR1 (prepared in January 2020), the Council may receive an extra £379,725 in business rates income over and above what it has budgeted for. However, it is anticipated that this position could change significantly throughout the year depending upon the performance of other authorities in the Cumbria Pool, the implications of Covid-19 and the amount of reliefs granted during the year that are subject to Section 31 Grant reimbursement and an updated position will be reported later in the year. A 3-year deficit period is now permitted for any Collection Fund deficits in accordance with new funding package announced recently by MHCLG.

6. BALANCE SHEET MANAGEMENT

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

Balance Sheet item	Balance at 31/03/2020	Balance at June 2020	Note
Investments	£29.71m	£21.19m	(i)
Loans	£28.78m	£13.78m	(ii)
Debtors System	£1.67m	£2.13m	(iii)
Creditors System	£0.00m	£0.23m	

- (i) The anticipated annual return on these investments is estimated at £265,200 for 2020/21 with current forecasts anticipated to be in line with these projections. Further details on the overall Treasury Management performance can be found elsewhere on the agenda.
- (ii) The cost of managing this debt (including any new debt budgeted for from 2020/21 onwards), in terms of interest payable, is budgeted at £1,506,700 in 2020/21 with costs currently showing a saving against budget due to new borrowing not entered into yet and also a budget saving against the final stock issue interest payment.
- (iii) There may be a significant impact on the cash flow of the Council if outstanding debts are not received. Any debts deemed to be irrecoverable are written off against a bad debt provision set up specifically for this purpose. Other significant debts relate to Council Tax, NNDR, and Housing Benefit overpayments.
- (iv) The Council's VAT partial exemption calculation for the period ending June 2020 has been calculated and, at 1.08%, is well below the 5% limit set by HMRC. However, this will increase as expenditure is incurred on the capital programme especially on VAT exempt activities, however mitigating issues have been put in place i.e. opting to tax the Civic Centre.

7. BAD DEBT WRITE-OFFS

- 7.1 The Corporate Director of Finance and Resources has delegated authority for the write-off of outstanding debts for NNDR, Council Tax and Debtors (including Penalty Charge Notices). In accordance with this, the Executive is asked to note that debts totalling £176,582.75 have been written off during Quarter 1 to the end of June 2020. A summary of bad debts is given in Table 1 in **Appendix E** of this report and these costs will fall against the following:

	£
General Fund	7,633.34
Council Tax (Collection Fund)	29,326.16
NNDR	139,623.25
Total Write-offs	176,582.75

- 7.2 The “write-ons” itemised in Table 2 in **Appendix E**, totalling £2,397.93, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	6.77
Council Tax (Collection Fund)	2,066.03
NNDR	325.13
Total Write-ons	2,397.93

- 7.3 In the case of the General Fund, the write-offs will be charged against provisions for bad debts. However VAT, which has been identified separately, will be recouped in future VAT returns. Any write-off/write-on of Council Tax/NNDR will fall against the provisions within the Collection Fund. Any Council Tax court costs written off will be charged against the Bad Debt Provision within the General Fund.
- 7.4 The level of outstanding debt has increased during the pandemic and a ‘soft’ debt recovery process has now been agreed whereby letters are being issued asking debtors to contact the Council to discuss flexible repayment terms, and a sign post to the CTRS scheme for council tax payers.

8. RISKS

- 8.1 The ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.
- 8.2 The main risk to the Council is the overall cost of COVID-19 in terms of additional costs and shortfalls of income and how this compares to the level of emergency funded provided to date, and any future funding package. The economic recovery of the city and surrounding areas is part of the Recovery Strategy and any financial impact will need to be closely monitored.

9. CONSULTATION

- 9.1 Consultation to date.
SMT and JMT have considered the issues raised in this report.

- 9.2 Consultation Proposed
Business and Transformation Scrutiny Panel will consider the report on 3 September 2020.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 10.1 The Executive is asked to:
- (i) Note the budgetary performance position of the Council to June 2020;
 - (ii) Note the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
 - (iii) Note the release of reserves as set out in the table at paragraph 2.2, and note the virements approved as detailed in Appendix A;
 - (iv) Make recommendations to Council to approve virements of £640,000 as detailed in paragraph 2.4 to fund the Leisure Contract variation.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 11.1 The Council's revenue budget is set in accordance with the priorities of the Carlisle Plan and the position for the first quarter of 2020/21 shows the delivery of these priorities within budget.

Contact Officer: Emma Gillespie

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Appendices A, B1 to B7, C to E.
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 finances properly and the proper reporting of the budget monitoring is part of this process.

PROPERTY SERVICES – Property asset implications are contained within the main body of the report.

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

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

REVENUE BUDGET MONITORING 2020/21

VIREMENTS PROCESSED FOR PERIOD APRIL TO JUNE 2020

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
Requested by Officers (under £35,000 or delegated authority)				
23/07/2018	Release of funding from Carry Forward Reserve to fund fixed term Planning post	Non-recurring	16,300	Corporate Director of Finance and Resources
01/05/2020	Release of funding from Planning Services Reserve for additional staffing resource	Non-recurring	38,200	OD.76/20 Corporate Director of Economic Development
05/06/2020	Release of funding from Revenue Grant Reserve for Supporting People	Non-recurring	102,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Domestic Abuse Victim Support	Non-recurring	99,700	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Rough Sleeping Initiative	Non-recurring	68,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Rapid Rehousing Pathway	Non-recurring	42,300	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Homelessness Prevention & Accommodation	Non-recurring	13,100	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for Homelife	Non-recurring	22,000	Corporate Director of Finance and Resources
05/06/2020 & 02/07/2020	Release of funding from Revenue Grant Reserve for St Cuthbert's Garden Village	Non-recurring	45,700	Corporate Director of Finance and Resources
05/06/2020	Release of funding from Revenue Grant Reserve for Regeneration Projects	Non-recurring	37,000	Corporate Director of Finance and Resources
16/06/2020	Release of funding from Revenue Grant Reserve for One Public Estate	Non-recurring	9,900	Corporate Director of Finance and Resources
26/06/2020	Release of funding from Carry Forward Reserve for One Public Estate	Non-recurring	6,000	Corporate Director of Finance and Resources
02/07/2020	Release of funding from Revenue Grant Reserve for Affordable Housing	Non-recurring	3,500	Corporate Director of Finance and Resources
Approved by Executive (£35,000 to £70,000 or delegated authority)				
Approved by Council (over £70,000)				
14/07/2020	Revenue carry forwards from 2019/20 into 2020/21	Non-recurring	811,000	Council RD13/20
14/07/2020	Release of Flood Reserve to fund Civic Centre Development	Non-recurring	1,944,200	Council RD 14/20
14/07/2020	Reallocation of additional funding from Business Rates to fund Civic Centre Development	Non-recurring	237,600	Council RD 14/20

REVENUE BUDGET MONITORING 2020/21

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	18,299,900	(5,327,400)	(2,819,300)	10,153,200
Budget to date	4,294,809	(1,378,086)	(814,815)	2,101,908
Total Actual	4,171,775	(1,071,379)	(768,857)	2,331,539
Variance	(123,034)	306,707	45,958	229,631
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(123,034)	306,707	45,958	229,631

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Car Parking	1	(29,336)	285,492	54	256,210
Bereavement Services	2	(7,635)	(79,725)	84	(87,276)
Healthy Cities	3	90,564	18,636	0	109,200
Other Green Spaces	4	(37,975)	62,672	79	24,777
Recycling and Waste Services	5	(40,446)	(29,081)	(2,248)	(71,775)
Miscellaneous	6	(98,206)	48,712	47,989	(1,505)
Total Variance to date		(123,034)	306,707	45,958	229,631

Note	Community Services - Comments
1.	Various minor underspends; Shortfall in ticket income, contract income and penalty charge notice income.
2.	Various minor underspends; increased cremation fee income.
3.	An overspend on the Leisure contract due to a variation to contract;
4.	Savings on supplies and services offset by shortfall in income received due to sites being closed as a result of the Covid-19 restrictions.
5.	Underspends on transport costs; surplus income from plastic and card recycling.
6.	Minor underspends, shortfall in income and trading income (recharges) across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

CORPORATE SUPPORT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	6,577,700	(1,427,500)	(3,551,900)	1,598,300
Budget to date	2,117,911	(746,727)	(889,034)	482,150
Total Actual	2,064,191	(686,176)	(888,062)	489,953
Variance	(53,720)	60,551	972	7,803
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(53,720)	60,551	972	7,803

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(41,081)	40,676	116	(289)
Miscellaneous	2	(12,639)	19,875	856	8,092
Total Variance to date		(53,720)	60,551	972	7,803

Note	Corporate Support - Comments
1.	Underspends on employee related and supplies and services; offset by shortfall in income from recovery.
2.	Minor underspends and shortfall in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

ECONOMIC DEVELOPMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	3,478,200	(1,005,200)	(493,800)	1,979,200
Budget to date	872,945	(277,774)	(123,601)	471,570
Total Actual	883,061	(209,321)	(123,450)	550,290
Variance	10,116	68,453	151	78,720
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	10,116	68,453	151	78,720

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Business Interaction Centre	1	31,044	(7,575)	0	23,469
Development Control	2	(6,343)	31,364	0	25,021
Building Control	3	(8,633)	48,633	0	40,000
Miscellaneous	4	(5,952)	(3,969)	151	(9,770)
Total Variance to date		10,116	68,453	151	78,720

Note	Economic Development - Comments
1.	Overspend on monthly running costs which do not have budgets identified; increase in income.
2.	Underspend on advertising; shortfall in fee income.
3.	Underspend on employee related salary expenditure; shortfall in fee income received.
4.	Minor underspends and a increase in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

FINANCE AND RESOURCES	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	23,179,700	(18,467,900)	(3,320,200)	1,391,600
Budget to date	6,993,134	(4,614,166)	(633,528)	1,745,440
Total Actual	6,341,002	(4,662,524)	(633,521)	1,044,957
Variance	(652,132)	(48,358)	7	(700,483)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(652,132)	(48,358)	7	(700,483)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury and Debt Management	1	(625,369)	(46,319)	0	(671,688)
Miscellaneous	2	(26,763)	(2,039)	7	(28,795)
Total Variance to date		(652,132)	(48,358)	7	(700,483)

Note	Finance and Resources - Comments
1.	Saving on borrowing costs due to no new borrowing arrangements entered into yet and a budget saving against the final stock issue interest payment; higher than expected returns to date on investments due to higher cash balances.
2.	Minor underspends and surplus income across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

GOVERNANCE AND REGULATORY	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	11,003,800	(5,753,800)	(3,620,000)	1,630,000
Budget to date	2,956,530	(1,665,901)	(906,044)	384,585
Total Actual	2,836,326	(1,645,852)	(866,713)	323,761
Variance	(120,204)	20,049	39,331	(60,824)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(120,204)	20,049	39,331	(60,824)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Buildings & Facilities Services	1	(46,566)	(10,165)	38,801	(17,931)
Other Rental Properties	2	10,112	(82,497)	0	(72,385)
Homeless Accommodation	3	1,069	89,515	0	90,584
Miscellaneous	4	(84,818)	23,196	530	(61,092)
Total Variance to date		(120,204)	20,049	39,331	(60,824)

Note	Governance & Regulatory Services - Comments
1.	Underspend on premises expenditure; additional rental income; shortfall in trading income.
2.	Overspend on premises & supplies & services; shortfall in rental income offset by additional reimbursement income.
3.	Shortfall in income as a direct result of Covid-19 as changed to occupancy levels and the available provision have had to be made to ensure the health and wellbeing of residents and staff.
4.	Minor underspends and shortfalls in income across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

CORPORATE MANAGEMENT	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	1,663,300	(1,676,000)	0	(12,700)
Budget to date	166,830	(373,075)	0	(206,245)
Total Actual	77,987	(374,322)	0	(296,335)
Variance	(88,843)	(1,247)	0	(90,090)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(88,843)	(1,247)	0	(90,090)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Other Financial Costs	1	(103,318)	(1,247)	0	(104,565)
Miscellaneous	2	14,475	0	0	14,475
Total Variance to date		(88,843)	(1,247)	0	(90,090)

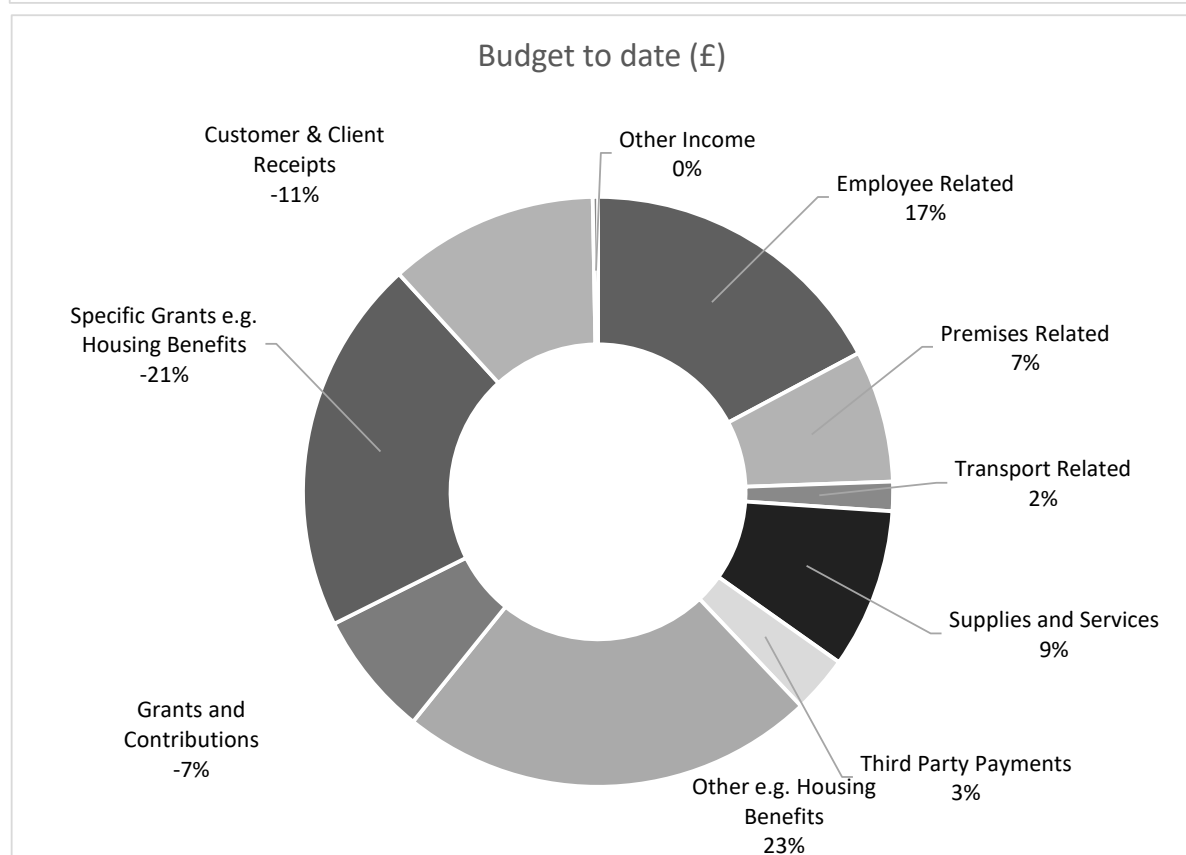
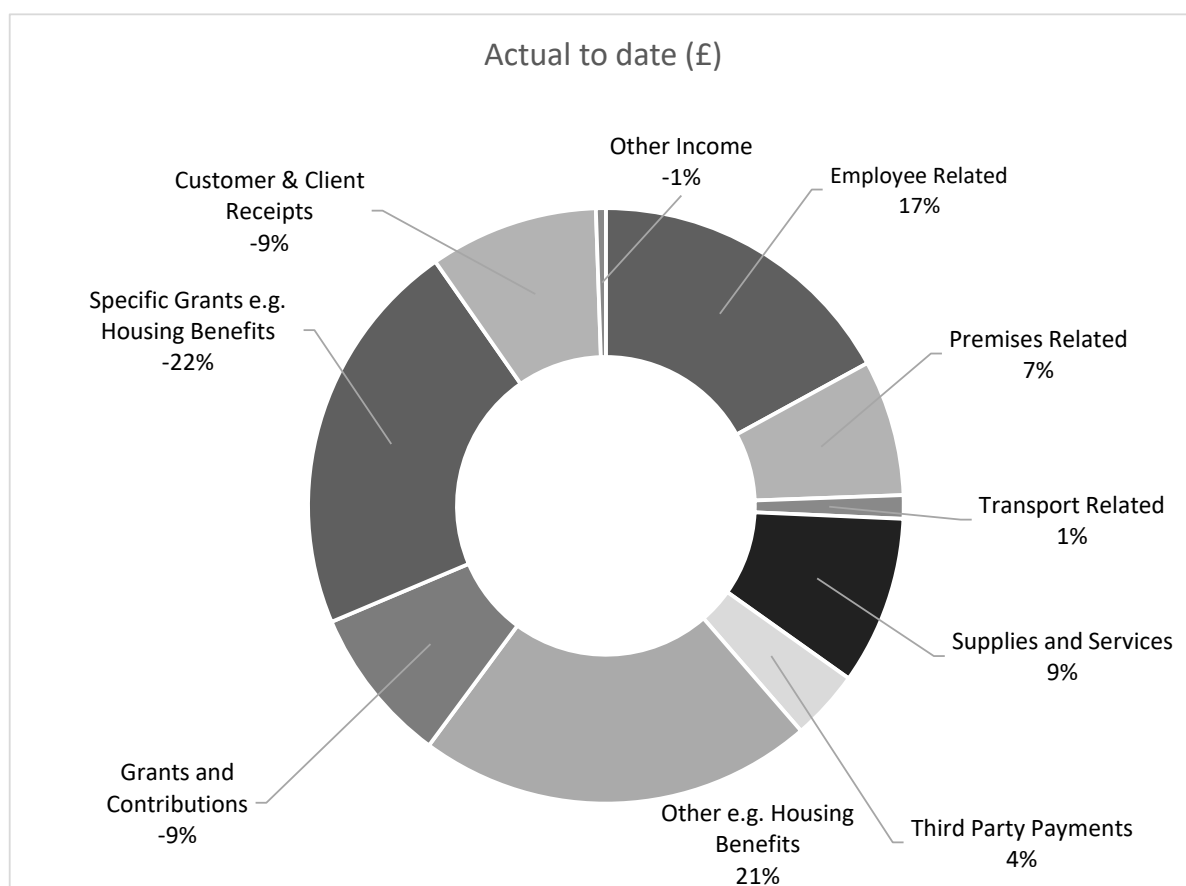
Note	Corporate Management - Comments
1.	Improvements in savings for Salary Turnover (£157,143) and shortfall in inflation savings to be found (£54,200).
2.	Minor overspends across other services within the Directorate.

REVENUE BUDGET MONITORING 2020/21

EXCEPTIONAL ITEMS	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 June 2020	£	£	£	£
Annual Budget	30,576,000	(30,032,000)	0	544,000
Budget to date	30,168,164	(30,032,000)	0	136,164
Total Actual	26,518,207	(31,105,801)	0	(4,587,594)
Variance	(3,649,957)	(1,073,801)	0	(4,723,758)
Carry Forwards/Reserves & Provisions				0
Adjusted Variance	(3,649,957)	(1,073,801)	0	(4,723,758)

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Corona Virus	1	66,085	(1,073,801)	0	(1,007,716)
Corona Virus - Grants	2	(3,742,000)	0	0	(3,742,000)
Flood Recovery	3	25,958	0	0	25,958
Total Variance to date		(3,649,957)	(1,073,801)	0	(4,723,758)

Note	Exceptional Items - Comments
1.	Overspend of expenditure to date against profiled budget; Government grant income received. Net underspend position but balance will be required to support other pressures/shortfalls in income as a result of Covid-19 that are currently reported against individual service areas e.g. car parking income.
2.	Balance of government grant income received (£30,032,000) still to be paid out.
3.	Overspend in relation to uninsured and reinstatement costs as a result of flooding caused by Storm Ciara. Potential insurance settlements are still being negotiated.

SUBJECTIVE ANALYSIS

BUSINESS RATES INCOME

	2019/20 Outturn (Draft)	2020/21 NNDR1	2020/21 Q1
Local Share of Income (Per NNDR1)	(16,465,732)	(17,018,157)	(17,018,157)
Renewables (Per NNDR1)	(355,377)	(376,067)	(376,067)
Renewables Bfwd (NNDR3 Previous Year)	(54,492)	4,686	4,686
Enterprise Zone (Per NNDR1)	(163,714)	(297,594)	(297,594)
Tariff (Per Final Settlement)	12,367,342	12,568,847	12,568,847
Section 31 Grants (reimbursement of funded reliefs)	(1,898,342)	(1,986,378)	(1,986,378)
Section 31 Grants (Flooding)	15,318	0	0
Estimated Collection Fund Deficit/(Surplus) per NNDR1	(180,188)	216,038	216,038
Levy Account Surplus	(11,118)	0	0
Levy Payable to Pool	1,043,367	1,450,000	1,450,000
Pool Redistribution	(616,000)	(810,000)	(810,000)
Total Income	(6,318,936)	(6,248,625)	(6,248,625)
Budget			
Baseline Funding	(3,388,600)	(3,468,900)	(3,468,900)
Additional Rates Income - Pooling/Growth	(2,484,300)	(2,400,000)	(2,400,000)
Total Budget	(5,872,900)	(5,868,900)	(5,868,900)
Additional Income retained	(446,036)	(379,725)	(379,725)

Note: due to the deadline for NNDR3 being pushed back, quarter 1 monitoring as not yet taken place and the figures reported are as per NNDR1.

BAD DEBT PROVISION

TABLE 1		Write-Offs June 2020		
Type of Debt	No.	£	Comments	
NNDR (General)	6	139,623.25	01/04/20 to 30/06/20	
Council Tax	33	29,326.16	01/04/20 to 30/06/20	
Debtors:				
Private Tenants	0	0.00	01/04/20 to 30/06/20	
Housing Benefit Overpayments	20	7,406.28	01/04/20 to 30/06/20	
General Fund	7	61.06	01/04/20 to 30/06/20	
Penalty Charge Notices:				
On Street	0	0.00	01/04/20 to 30/06/20	
Off Street	2	166.00	01/04/20 to 30/06/20	
TOTAL	68	176,582.75		

TABLE 2		Write-Ons June 2020		
Type of Debt	No.	£	Comments	
NNDR (General)	7	325.13	01/04/20 to 30/06/20	
Council Tax	12	2,066.03	01/04/20 to 30/06/20	
Debtors:				
Private Tenants	0	0.00	01/04/20 to 30/06/20	
Housing Benefit Overpayments	0	0.00	01/04/20 to 30/06/20	
General Fund	3	6.77	01/04/20 to 30/06/20	
TOTAL	22	2,397.93		

Report to Executive

Agenda
Item:

A.10

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL BUDGET OVERVIEW AND MONITORING REPORT:
APRIL TO JUNE 2020
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 21/20

Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to June 2020.

Recommendations:

The Executive is asked to:

- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to June 2020;
- (ii) Note adjustments to the 2020/21 capital programme as detailed in paragraph 2.1.

Tracking

Executive:	17 August 2020
Scrutiny:	3 September 2020
Council:	n/a

1. BACKGROUND

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

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

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

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

2. CAPITAL BUDGET OVERVIEW

- 2.1 The following statement shows the annual capital programme for 2020/21:

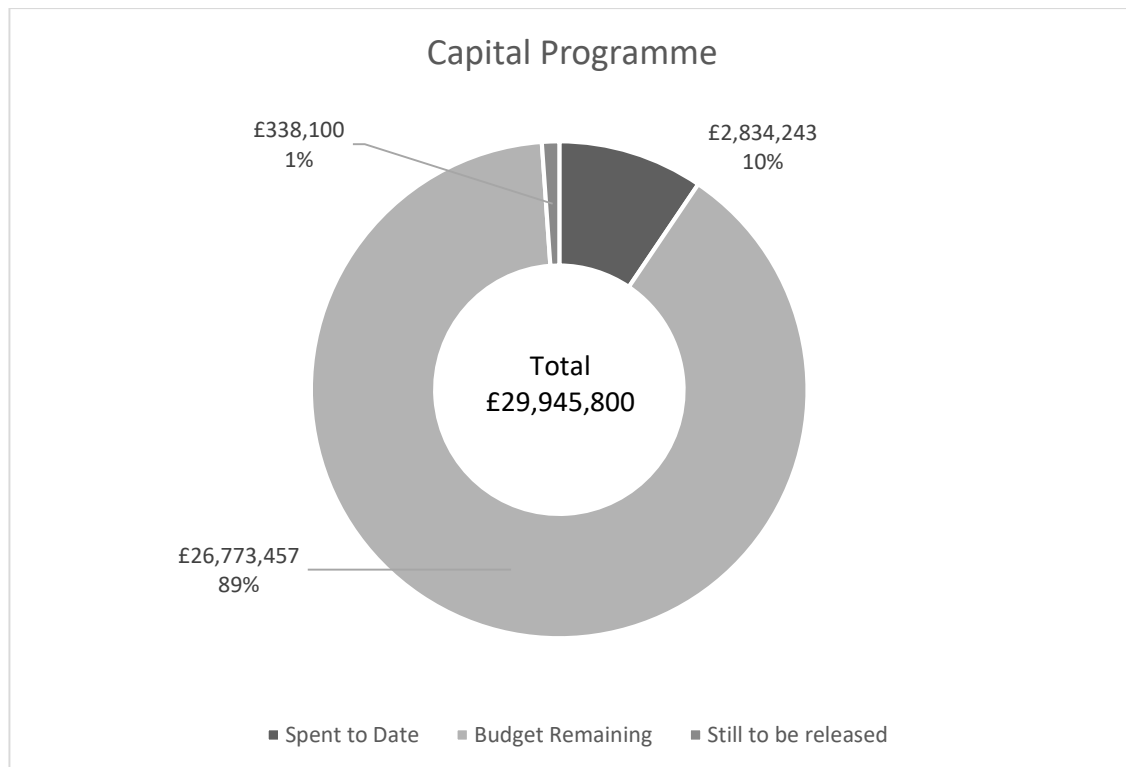
2020/21 Capital Budget	£
Original 2020/21 Programme (approved Feb 2020)	14,160,600
Carry forwards from 2019/20 (RD60/19 Council 03/03/20)	10,952,800
Carry forwards from 2019/20 (RD14/20 Council 14/07/20)	2,568,500
Increase for Civic Centre Development (RD14/20 Council 14/07/20)	2,581,400
Decrease to Programme for Civic Centre Development (RD14/20 Council 14/07/20)	(780,000)
Correction to funding of Civic Centre Development	(20,000)
Additional Disabled Facilities Grant (RD14/20 Council 14/07/20)	432,500
2020/21 Capital Programme (RD14/20 Council 14/07/20)	29,895,800
Grant received for Rough Sleeping Initiative (OD.65/20)	50,000
Revised 2020/21 Capital Programme (at Jun 2020)	29,945,800
Less Capital Reserves to be released by Executive (see para 3.7)	(338,100)
Revised 2020/21 Capital Programme (released)	29,607,700

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

3. 2020/21 BUDGET MONITORING

3.1 The position statement as at June 2020 can be summarised as follows:

Directorate	Revised Annual Budget £	Budget to Date £	Spend to date £	Variance to date £	Para. Ref.
Community Services	21,176,000	1,137,232	1,113,946	(23,286)	3.3
Corporate Support	311,000	40,976	37,047	(3,929)	3.4
Economic Development	162,300	3,079	(60)	(3,139)	3.5
Governance & Regulatory Services	7,936,500	2,124,287	1,683,310	(440,977)	3.6
Total	29,585,800	3,305,574	2,834,243	(471,331)	
Exceptional Items	21,900	0	0	0	3.7
Total	29,607,700	3,305,574	2,834,243	(471,331)	
Reserves to be released	338,100	0	0	0	3.9
Total	29,945,800	3,305,574	2,834,243	(471,331)	



Schemes still to be released by the Executive are outwith the budget monitoring process until the budgets have been released.

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

- 3.2 As at the end of June, expenditure of £2,834,243 has been incurred on the Council's core capital programme. When considered against the profiled budget of £3,305,574 this equates to an underspend of £471,331.
- 3.3 There are no significant variances to report in Community Services.
- 3.4 There are no significant variances to report in Corporate Support.
- 3.5 There are no significant variances to report in Economic Development.
- 3.6 The variance in Governance & Regulatory Services is attributable to an underspend of £442,726 on Disabled Facilities Grants. Spend in the first quarter of 2020/21 was £274,286 which is considerably less than the expenditure in the first quarter of 2019/20 (£526,880). The first quarter expenditure is less due to only essential grants being offered over the lock down period and many contractors were

furloughed. Grant work is now picking up as contractors return but it is still uncertain how this year's expenditure will be affected. The position is being closely monitored.

- 3.7 There are no significant variances to report in Exceptional Items (Flood Recovery capital expenditure).
- 3.8 The unspent balance remaining of the revised annual budget of £29,607,700 is £26,773,457. A review of the 2020/21 capital programme will be undertaken to identify accurate project profiles for the remainder of the financial year and any potential slippage into future years.
- 3.9 A number of schemes are included in the capital programme for 2020/21 that require a report to be presented to the Executive for the release of funding before the project can go ahead.

Scheme	Budget £
Play Area Improvements	35,000
Cemetery Infrastructure	30,000
LED Footway Lighting Installation (1)	203,100
Skew Bridge Deck	70,000
Total	338,100

Note: (1) Considered elsewhere on this agenda

4. FINANCING

- 4.1 The 2020/21 capital programme can be financed as follows:

	Annual Budget £	Current Programme £
Total Programme to be financed (para 2.1)	29,945,800	29,607,700
<u>Financed by:</u>		
Capital Receipts / Borrowing	22,419,300	22,081,200
Capital Grants		
• Disabled Facilities Grant	1,899,800	1,899,800
• General	2,306,900	2,306,900
Direct Revenue Financing	3,223,100	3,223,100
Other Contributions	96,700	96,700
Earmarked Reserves	0	0
Total Financing	29,945,800	29,607,700

5. CAPITAL RESOURCES

- 5.1 The following table shows the position as at June 2020 of the capital resources due to be received during 2020/21:

	2020/21 Annual Budget £	2020/21 Actual £	2020/21 Not yet received £	Note
Capital Receipts				
· General	(180,000)	(180,000)	0	1
· Asset Review	(1,898,000)	(5,000)	1,893,000	1
· Vehicle Sales	0	(7,850)	(7,850)	2
Capital Grants				3
· Disabled Facilities Grant	(1,899,800)	(1,899,764)	36	
· Sands Centre	(2,000,000)	0	2,000,000	
· General	(283,700)	(50,000)	233,700	
Capital Contributions				
· Section 106	(96,700)	(71,773)	24,927	4
· Disabled Facilities Grants	0	(780)	(780)	
· General	0	0	0	
Total	(6,358,200)	(2,215,167)	4,143,033	

Notes:

1. Receipts for 2020/21 are anticipated to be received from asset review sales (£1,898,000) and general sales (£180,000). Included within general sales are receipts of £5,000 that are below the de minimis for capital receipts and will be transferred to revenue.
2. Included within vehicle sales are receipts of £7,850 for individual vehicle sales that are below the de minimis for capital receipts. These will be transferred to revenue at the year end and will be used to fund the capital programme in line with the capital strategy.
3. Capital grants are received once associated capital expenditure has been incurred and the amounts then reclaimed from the sponsoring body.
4. Contributions from Section 106 agreements to Open Space Improvements (£80,700) and Play Area Developments (£16,000).

6. BALANCE SHEET MANAGEMENT

- 6.1 In line with CIPFA guidance and best practice, information relating to significant capital items on the Council's balance sheet is provided in this section. The information concentrates on those items that may have a material impact on the Council if not reviewed on a regular basis and will ensure that the Council is using

its resources effectively and that appropriate governance arrangements are in place around the use of Council assets and liabilities.

6.2 Fixed assets are revalued annually to ensure that an up to date value is held in the balance sheet. The revaluation programme is the responsibility of Property Services. It should be noted that some expenditure will be incurred during the course of the year which can be correctly classified as capital expenditure, but which will not increase the value of any of the Council's assets. This expenditure is written off to the revaluation reserve or through the Comprehensive Income and Expenditure Account as appropriate.

6.3 The value of fixed assets is a significant part of the balance sheet. In the 2019/20 accounts, fixed assets totalled £156million (2018/19 £157million). This represents 94% of the net current assets of the City Council.

6.4 Debtors

This relates to the amount of income due to the Council that has not yet been received. For capital items, this mainly relates to grants and contributions that the Council is able to claim towards funding capital expenditure. Generally capital debtors arise due to timing differences where a cut off point occurs (e.g. the financial year-end) and/or expenditure has been incurred in advance of making the grant claim. As at June 2020 debtors of £180,000 (£2,013,685 at 31 March 2020) were outstanding for capital grants, contributions and receipts.

6.5 Creditors

This is the amount of money due to be paid by the Council for goods and services received from its external customers and contractors. For capital schemes this also includes retentions i.e. the amount due to the contractor after a specified period (normally one year) following the completion of a project; this time is used to assess and correct any defects outstanding on the scheme. Amounts earmarked for retention as at June 2020 totalled £115,565.15 (£1,054,384 at 31 March 2020).

7. **PERFORMANCE**

7.1 The 2020/21 programme has been kept to a level that takes account of the Council's ability to deliver schemes with regard to capacity and available resources. Work is ongoing to continue to monitor the profiling of budgets, and these are adjusted to reflect progress in current capital schemes. It is likely that there will still be a requirement for some carry forwards at the year end due to further slippage and delays on projects. Members are reminded that budgets now totalling £338,100 are being held in reserves until approved by Executive for release.

- 7.2 The Senior Management Team will provide strategic overview and monitor the effectiveness of the overall programme of work in delivering the Council's priorities and objectives. Technical project support and quality assurance of business cases and associated project management activities will be managed by a Transformation Sub-Group chaired by the Chief Executive. Decisions to proceed or otherwise with proposed projects will be made in the usual way in accordance with the Council decision making framework.
- 7.3 A review of all capital expenditure incurred is ongoing to ensure that the expenditure has been correctly allocated between revenue and capital schemes. This will facilitate the year end classification of assets.

8. RISKS

- 8.1 Individual capital schemes have different risks involved. A risk assessment of the overall capital programme is included in **Appendix G**.

9. CONSULTATION

- 9.1 Consultation to Date
SMT & JMT have considered the issues raised in this report.
- 9.2 Consultation Proposed
Business & Transformation Scrutiny Panel will consider the report on 3 September 2020.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 10.1 The Executive is asked to:
- (i) Note and comment on the budgetary position and performance aspects of the capital programme for the period April to June 2020;
 - (ii) Note adjustments to the 2020/21 capital programme as detailed in paragraph 2.1.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 11.1 The Council's capital programme supports the current priorities in the Carlisle Plan.

Contact Officer: Emma Gillespie

Ext: 7289

Appendices A to G
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 finances properly and the proper reporting of the budget monitoring is part of this process.

PROPERTY SERVICES – Property asset implications are contained in the main body of the report.

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

EQUALITY – This report raises no explicit issues relating to the public sector Equality Duty.

INFORMATION GOVERNANCE – There are no information governance implications.

Scheme	Original Capital Programme 2020/21 £	Carry Forwards from 2019/20 £	Carry Forwards from 2019/20 £	Other Adjustments £	Revised Capital Programme 2020/21 £
<u>Current non-recurring commitments</u>					
Sands Centre Redevelopment	10,962,200	5,037,800	679,300	0	16,679,300
On Street Charging Points Infrastructure	203,700	0	0	0	203,700
Gateway 44	0	5,000,000	21,900	(400,000)	4,621,900
Civic Centre Development	0	0	0	2,581,400	2,581,400
Funding carry forward to 2021/22 for Civic	0	0	0	0	0
Play Area Improvements	0	0	47,800	0	47,800
Open Space Improvements	0	0	80,700	0	80,700
Cemetery Infrastructure	0	0	5,700	0	5,700
Central Plaza	0	0	12,300	0	12,300
Planning Software	0	0	150,000	0	150,000
Bitts Park Flood Reinstatement	0	0	21,900	0	21,900
Rough Sleeping Initiative	0	0	0	50,000	50,000
	11,165,900	10,037,800	1,019,600	2,231,400	24,454,700
<u>Recurring commitments</u>					
Planned Enhancements to Council Property	250,000	0	146,800	(20,000)	376,800
Vehicles, Plant & Equipment	648,000	0	884,400	0	1,532,400
Recycling Containers	45,000	0	0	0	45,000
ICT Infrastructure	281,300	0	29,700	0	311,000
	1,224,300	0	1,060,900	(20,000)	2,265,200
<u>Disabled Facilities Grants</u>					
Private Sector Grants	1,467,300	500,000	464,800	432,500	2,864,600
Empty Property Grants	0	0	23,200	0	23,200
	1,467,300	500,000	488,000	432,500	2,887,800
TOTAL	13,857,500	10,537,800	2,568,500	2,643,900	29,607,700
<u>Capital Reserves to be released</u>					
Cemetery Infrastructure	30,000	0	0	0	30,000
LED Footway Lighting Installation	203,100	0	0	0	203,100
Skew Bridge Deck	70,000	0	0	0	70,000
Play Area Improvements	0	35,000	0	0	35,000
Public Realm Improvements	0	380,000	0	(380,000)	0
	303,100	415,000	0	(380,000)	338,100
REVISED TOTAL	14,160,600	10,952,800	2,568,500	2,263,900	29,945,800

COMMUNITY SERVICES

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Vehicles & Plant	1,532,400	140,000	134,000	(6,000)	Replacement of vehicles to date is within the allocated budgets.
Cemetery Infrastructure	5,700	0	0	0	For further improvements to Fairy Beck due to be carried out in 2020/21.
On Street Charging Infrastructure	203,700	0	0	0	To install Electric Vehicle charge points at locations within Carlisle where residents have no access to off-street parking to encourage the uptake of electric vehicles. This project is fully funded by external grant.
Civic Centre Development	2,581,400	20,000	11,920	(8,080)	Project progressing as planned with advanced works currently underway.
Play Area Developments	47,800	0	0	0	Works ongoing at Carlisle Drive Play Area but have been delayed due to Covid-19 restrictions.
Open Space Improvements	80,700	72,528	71,773	(755)	Fully funded by Section 106 monies.
Sands Centre Redevelopment	16,679,300	893,440	893,683	243	Capital expenditure for the enhancement work to Leisure Facilities. Progress is being monitored and a revised expenditure profile is being developed to take account of delays as a result of Covid-19 restrictions.
Waste Minimisation	45,000	11,264	2,570	(8,694)	Purchase of waste receptacles are underspent against the profiled budget to date.
Grand Total	21,176,000	1,137,232	1,113,946	(23,286)	

CORPORATE SUPPORT

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
ICT Infrastructure	311,000	40,976	37,047	(3,929)	Part of ICT Strategy Business Case.
Grand Total	311,000	40,976	37,047	(3,929)	

ECONOMIC DEVELOPMENT

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Central Plaza	12,300	3,079	(60)	(3,139)	Budget required to fund remaining costs of emergency works at Central Plaza.
Planning Software	150,000	0	0	0	Project yet to start.
Grand Total	162,300	3,079	(60)	(3,139)	

GOVERNANCE & REGULATORY SERVICES

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Planned Enhancements to Council Property	376,800	21,264	16,698	(4,566)	Individual projects progressing as planned.
Rough Sleeping Initiative	50,000	7,500	7,500	0	Capital grant received from MHCLG for the development of the Rough Sleeping Initiative.
Gateway 44	4,621,900	1,372,704	1,373,326	622	Development and Improvement costs associated with the Junction 44 development.
Disabled Facilities Grants	2,864,600	717,012	274,286	(442,726)	Mandatory Grants. Only essential grants were offered over the lock down period. Grant work is now picking up but it is still uncertain how this year's expenditure will be affected. The position is being closely monitored.
Empty Property Grants	23,200	5,807	11,500	5,693	Discretionary grants to assist getting empty properties back into use.
Grand Total	7,936,500	2,124,287	1,683,310	(440,977)	

EXCEPTIONAL ITEMS CAPITAL EXPENDITURE

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
IC Buildings Flood Capital	21,900	0	0	0	Budget carried forward in relation to approved expenditure on the reinstatement of Bitts Park.
Grand Total	21,900	0	0	0	

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	High	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Remote	High	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning.
VAT partial exemption rules are not considered.	Remote	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	High	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Remote	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.

Report to Executive

Agenda
Item:

A.11

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT: APRIL TO JUNE 2020
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD22/20

Purpose / Summary:

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

Recommendations:

That this report be received, and the Prudential Indicators noted as at the end of June 2020.

Tracking

Executive:	17 August 2020
Audit Committee:	24 September 2020
Council:	Not applicable

1. BACKGROUND

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

(i) **Appendix A** sets out the schedule of Treasury Transactions for the period April– June 2020

- **Appendix A1** – Treasury Transactions April to June 2020
- **Appendix A2** – Investment Transactions April to June 2020
- **Appendix A3** – Outstanding Investments at June 2020

(ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2020/21

- **Appendix B1** – Prudential Code background
- **Appendix B2** – Prudential Indicators

2. RISKS

2.1 The Council's Treasury Management function is responsible for investing the Council's surplus cash balances and managing cash flows appropriately. The Treasury Management Strategy Statement and the Treasury Management Practices are completed and approved in line with the CIPFA Code and include appropriate mechanisms for dealing with the Council's investments and borrowing needs.

3. CONSULTATION

3.1 Audit Committee will consider the report on 24 September 2020

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 That this report is received, and the Prudential Indicators noted as at the end of June 2020.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Emma Gillespie

Ext: 7289

Appendices attached to report:	Appendix A1 – Treasury Transactions
	Appendix A2 – Investment Transactions
	Appendix A3 – Outstanding Investments
	Appendix B1 – Prudential Code background
	Appendix B2 – Prudential Indicators

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 – Treasury Management activities are delegated to the Corporate Director of Finance and Resources and Financial Procedure Rule 3.19 requires that she prepare an annual report on the topic. This Report fulfils that obligation.

Property Services – Not applicable

Finance – Included in the report

Equality - This report raises no explicit issues relating to the public sector Equality Duty

Information Governance – No implications

TREASURY TRANSACTIONS
APRIL to JUNE 2020

1. LOANS (DEBT)1.1 Transactions April to June 2020

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

This provides a summary of any loans that have been raised or repaid, analysed by type, since the previous report.

1.2 Loans (Debt) Outstanding at end of June 2020

	£
PWLB	8,887,500
PWLB	4,875,000
Short Term Loans	12,800
	13,775,300

1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Other £	Total £
Short Term Debt at end June 2020	475,000	0	12,800	487,800

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	9,200,000	0.10-0.67	17,810,000	0.10-0.96
	9,200,000		17,810,000	

A full schedule of investment transactions is set out in Appendix A2. Appendix A3 shows outstanding investments at end of June 2020. The weighted average return achieved on all investments as at the end of June was 1.36% (0.81% excluding Property Fund). Bank base rate is currently 0.10%.

3 REVENUES COLLECTED

To: June 2020		Collected £	% of Amount Collectable %
2020/21	Council Tax NNDR	18,885,338 6,493,519	28.22 28.27
Total		25,378,857	28.23
2019/20	Council Tax NNDR	18,583,582 13,667,431	29.07 31.14
Total		32,251,012	29.92
2018/19	Council Tax NNDR	17,467,897 14,038,501	29.07 31.21
Total		31,506,398	29.98

4 BANK BALANCE

At end of June 2020, £320,221.54 in hand.

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

5 PERFORMANCE ON TREASURY MANAGEMENT BUDGET
TO END OF JUNE 2020
 April – June 2020

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(66)	(113)	(47)
Interest Payable	795	169	(626)
Less Rechargeable	0	0	0
	795	169	(626)
Principal Repaid (MRP)	0	0	0
Debt Management	12	13	1
NET BALANCE	741	69	(672)

The profiled budget is to the end of June 2020.

Interest receivable is higher than anticipated due to increased levels of investment. These extra funds were due to delays in capital projects which have now commenced. It should also be noted that since the onset of the coronavirus pandemic, interest rates have dropped significantly therefore future yields are expected to be much lower in the short term.

The dividends received from the property fund have maintained an income of approximately £36,000 per quarter. The yield to the end of June was 4.48%. The valuation of the investment at the end of June was £3,181,143.

Interest payable is currently below budget due to no new borrowing entered into yet and also a budget saving against the final stock issue interest payment.

APPENDIX A2

INVESTMENT TRANSACTIONS APRIL TO JUNE 2020

INVESTMENTS MADE			INVESTMENTS REPAID	
	£			£
Federated Investors	4,000,000.00		Goldman Sachs	1,000,000.00
Svenska	600,000.00		Goldman Sachs	1,000,000.00
Standard Chartered	1,000,000.00		HSBC	8,000,000.00
Federated Investors	3,600,000.00		Standard Chartered	1,000,000.00
			Federated Investors	3,600,000.00
			Federated Investors	3,210,000.00
TOTAL	9,200,000			17,810,000
			Bfwd	29,712,995
			Paid	9,200,000
			Repaid	17,810,000
			Total	21,102,995
			CCLA	(131,852)
			Total	20,971,143

Outstanding Investments as at 30 June 2020

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Days to maturity at execution	Total Interest Expected (£)
Y	MMF Federated Investors	790,000	0.27%		MMF		
R	Handelsbanken	4,000,000	0.10%		Call1		
R	Bank of Scotland Plc (RFB)	2,000,000	1.10%	11/09/2019	04/08/2020	328	19,770
R	Bank of Scotland Plc (RFB)	2,000,000	1.10%	01/11/2019	04/09/2020	308	18,564
R	Bank of Scotland Plc (RFB)	2,000,000	1.10%	05/11/2019	05/11/2020	366	22,060
R	Bank of Scotland Plc (RFB)	1,000,000	1.10%	07/01/2020	18/12/2020	346	10,427
R	Bank of Scotland Plc (RFB)	1,000,000	1.10%	20/01/2020	18/12/2020	333	10,036
R	Santander	2,000,000	1.00%		Call180		
R	Santander	3,000,000	1.00%		Call180		
Total Investments		£17,790,000	0.81%			336	£80,858

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Initial Market Value (£)	Unrealised Growth (£)	% Growth
CCLA Property Fund	3,181,143	4.48%	31/07/2014	3,000,000	2,836,896	181,143	6.0%

1. Entry Costs were charged against Treasury Management Budget in 2014/15

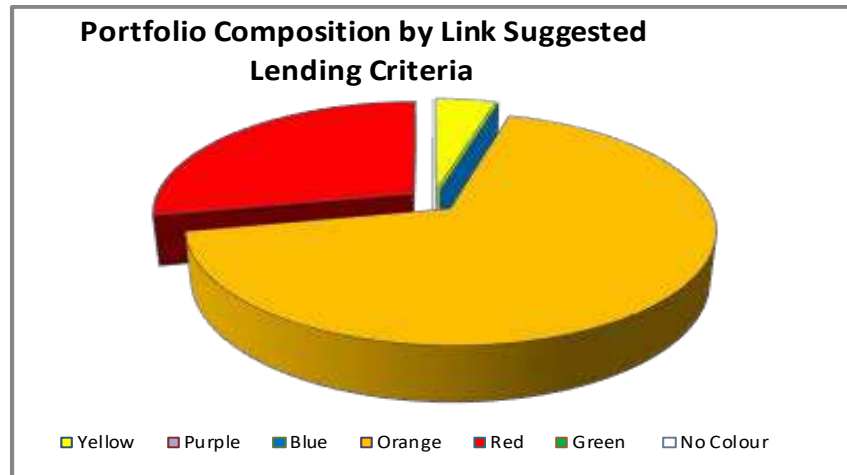
N.B Interest is recognised in the appropriate financial year in which it is due.

Investment Summary

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	Weighted Average Rate of Return WARoR	Weighted Average Days to Maturity WAM	Weighted Average Days to Maturity from Execution WAM at Execution
Yellow	4.44%	790,000	100.00%	790,000	4.44%	0.27%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Orange	67.45%	12,000,000	33.33%	4,000,000	22.48%	0.77%	67	224
Red	28.11%	5,000,000	100.00%	5,000,000	28.11%	1.00%	180	180
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.00%	17,790,000	55.03%	9,790,000	55.03%	0.81%	94	198

Risk Score for Colour (1 = Low, 7 = High)	Jun-20	Mar-20	Dec-19	Sep-19
1	0.04	0.0	0.1	0.0
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	2.7	2.8	1.9	2.1
5	1.4	1.1	2.3	2.3
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	4.1	3.9	4.3	4.4

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



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

1. Introduction

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

2. Prudential Indicators

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

3. Prudential Borrowing

- 3.1 Local authorities have always funded a substantial element of their capital programme via borrowing. This continues to be the case but until the introduction of the Prudential Code any local authority borrowing was essentially based upon a government 'permission to borrow'. Following the introduction of the Prudential Code in 2003, the permission to borrow was essentially withdrawn and Councils were given greater freedom to borrow so long as they can demonstrate that the

revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, capital expenditure, and treasury management. Set out below are the indicators for 2020/21 to date as detailed in the Treasury Management Strategy Statement for 2020/21.

(a) Affordability

	2020/21 Original Estimate £	2020/21 Revised Estimate £
(i) Capital Expenditure	14,160,600	29,945,800
(ii) Financing Costs Total Financing Costs	1,241,500	936,500
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	13,386,000	13,386,000
(iv) Ratio of Financing Costs to Net Revenue Stream The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	11.02%	7.00%
(v) Incremental Impact on Council Tax This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	8.39	17.69
(vi) Authorised Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities	44,100,000	44,100,000
	28,775,300	13,775,300
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2020/21 Original Estimate £	2020/21 Revised Estimate £
(vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	39,100,000 28,775,300	39,100,000 13,775,300
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	38,793,000	34,814,000

(b) Prudence and Sustainability

	2020/21 Original £
(i) New Borrowing to Date No Long Term Borrowing has been taken in 2020/21 to date	0
(ii) Percentage of Fixed Rate Long Term Borrowing at June 2020	100%
(iii) Percentage of Variable Rate Long Term Borrowing at June 2020 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
(iv) Minimum Level of Investments Classified as Specified Level of Specified Investments as at June 2020 As part of the Investment Strategy for 2020/21, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%

Report to Executive

**Agenda
Item:**

A.12

Meeting Date: 17th August 2020
Portfolio: Finance, Governance & Resources
Key Decision: NO
Within Policy and Budget Framework YES
Public / Private PUBLIC

Title: CARLISLE SOUTHERN LINK ROAD AGREEMENTS – FINANCIAL IMPLICATIONS
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD23/20

Purpose / Summary: This report provides Members with the financial implications on the Council's budgets and the MTFP, as a result of the Council completing both the Grant Determination Agreement and the Collaboration Agreement, in relation to the Carlisle Southern Link Road on 31st July 2020.

Recommendations:

The Executive is asked to:

- (i) Consider and approve, for recommendation to Council, the 50/50 split in the recovery proceeds as requested by the County Council; and the consequential impact on the Council's MTFP in terms of the temporary use of reserves and/or savings;
- (ii) Note the £5million indemnity cap which may be triggered by the County Council as a result of any financial loss incurred by them, due to the City Council defaulting on any of its obligations and milestones, noting that this will be a call on the revenue budget, if the clause is enforced;
- (iii) Delegate authority to the Corporate Director of Governance & Regulatory Services following consultation with the S151 Officer, Leader, Deputy Leader and Portfolio Holder for Economy, Enterprise and Housing, to approve any amendments to the Collaboration Agreement.

Tracking

Executive:	17th August 2020
Scrutiny:	Not applicable
Council:	8th September 2020

1. BACKGROUND

- 1.1 The Carlisle Southern Link Road (CSLR) is a significant project for both the City and County Council. The governance framework for this scheme required (1) a Grant Determination Agreement, to be signed between Homes England, the City Council and the County Council, and (2) a Collaboration Agreement, to be agreed between and signed by the City Council and the County Council.
- 1.2 Both of these agreements were signed by all parties on Friday 31st July 2020.
- 1.3 The CSLR is a £144million scheme with the bulk of the funding being received via Homes England (£134million) with both the County and City Council's contributing £5million each.

2. PROPOSALS

2.1 Grant Determination Agreement

The Council's contribution is earmarked within the 2022/23 Capital Programme, to be funded by borrowing, with the expectation that this sum is recouped via recovery proceeds (developer contributions) once St Cuthbert's Garden Village commences. The City Council, and the County Council, will each retain their £5million from the recovery proceeds, before Homes England's £134million is 'received' or reinvested in the Garden Village infrastructure. Following negotiations and discussions, this position is now reflected in the Grant Determination Agreement.

2.2 Collaboration Agreement - Recovery Proceeds

The Collaboration Agreement currently states that the City Council will be entitled to retain the first £5million of recovery proceeds and thereafter the next £5million will be paid to the County Council; however, Cumbria County Council has requested that this clause be revisited and require the recovery proceeds to be split 50/50. Although this will not change the level of contributions received by the City, the timescale for recoupment will be extended and will require the approval of full Council to make the necessary revisions to the MTFP in terms of the temporary use of reserves and required savings.

Any recovery proceeds above £10million will be dealt with in accordance with an agreed Housing Delivery Statement, which is due to be completed by September 2021 and is one of the key milestones and obligations placed upon the City Council. The MTFP assumes the following in terms of developer contributions on the basis that the City Council retains the first £5million of recovery proceeds. The impact of the proposed 50/50 split is also shown:

MTFP – current

Year	MTFP income
2022/23	£31,000
2023/24	£72,000
2024/25	£166,000
2025/26	£310,000
2026/27	£372,000
2027/28	£413,000
2028/29	£475,000
2029/30	£516,000
2030/31	£516,000
2031/32	£516,000
2032/33	£516,000
2033/34	£516,000
2034/35	£516,000
2035/36	£65,000
2036/37 – 2048/49	£0
TOTAL	£5,000,000

MTFP - proposal

50/50 split income	MTFP Shortfall/ (surplus)	Cumulative shortfall
£15,500	£15,500	£15,500
£36,000	£36,000	£51,500
£83,000	£83,000	£134,500
£155,000	£155,000	£289,500
£186,000	£186,000	£475,500
£206,500	£206,500	£682,000
£237,500	£237,500	£919,500
£258,000	£258,000	£1,177,500
£258,000	£258,000	£1,435,500
£258,000	£258,000	£1,693,500
£258,000	£258,000	£1,951,500
£258,000	£258,000	£2,209,500
£258,000	£258,000	£2,467,500
£258,000	(£193,000)	£2,274,500
£2,274,500	(£2,274,500)	(£2,274,500)
£5,000,000	£0	£0

In order to achieve a balanced budget year on year, the MTFP shortfall identified in the table above will have to be funded from a variety of sources such as the temporary use of reserves, virements (potentially on a non-recurring basis) from base budgets, and/or through the achievement of additional savings, commercialisation schemes or additional income generated through fees and charges.

2.3 Collaboration Agreement - Indemnity Cap

The signed Collaboration Agreement also contains a clause (clause 10) whereby the City Council provides an indemnity/warranty to the County Council in the event of any breach of our contractual obligations. Through negotiation, this has been capped at £5million and is in addition to the £5million capital contribution. A claim under this clause could be made for potential financial losses and liabilities incurred by the County Council, as a result of the City Council not meeting the 4 milestones which are reflected in the collaboration agreement as follows:

- Saint Cuthbert's Garden Village Masterplan finalised – 30 September 2020;
- Supplementary Planning Document for Saint Cuthbert's Garden Village adopted – 30 April 2021;
- Final Housing Delivery Statement for Saint Cuthbert's Garden Village – 30 September 2021;
- Saint Cuthbert's Garden Village Local Plan adopted – 31 July 2022.

3. RISKS

- 3.1 The trigger for any potential claim under this clause would be the legal action of the County Council against the City Council, if Homes England sought to recover grant money from them because they have not fulfilled their obligations; or they have incurred additional costs; or Homes England decides to not fund the full grant. The trigger would not be the failure by the City Council to hit the milestones, but Cumbria County Council would have to prove that liability attached to Carlisle City Council because their milestones had not been met.

The indemnity set out in clause 10 has been capped at an aggregate of £5million, and whilst an Insurance product and solution is currently being investigated for the potential liability, this is highly unlikely. Therefore the risks and any mitigating control strategies or these key milestones must be fully understood, documented and closely monitored to ensure that the warranty clause is not enforced as this £5million potential cost would be a charge against the revenue budget and would require savings and reserves to be identified. Members are reminded that our current levels of free reserves are just over £3.1million and are also based upon the achievement of £1.850million over the lifetime of the MTFP.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is asked to:
- (i) Consider and approve, for recommendation to Council, the 50/50 split in the recovery proceeds as requested by the County Council; and the consequential impact on the Council's MTFP in terms of the temporary use of reserves and/or savings;
 - (ii) Note the £5million indemnity cap which may be triggered by the County Council as a result of any financial loss incurred by them, due to the City Council defaulting on any of its obligations and milestones, noting that this will be a call on the revenue budget, if the clause is enforced;
 - (iii) Delegate authority to the Corporate Director of Governance & Regulatory Services following consultation with the S151 Officer, Leader, Deputy Leader and Portfolio Holder for Economy, Enterprise and Housing, to approve any amendments to the Collaboration Agreement.

Contact Officer: Alison Taylor

Ext: 7290

**Appendices None
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 legal situation is set out in the body of the Report. Once the budget profiling position is resolved the Collaboration Agreement between the City and County Councils will need to be amended, hence the required delegated authority to do so.

PROPERTY - None

FINANCE – as detailed in the main body of the report

EQUALITY – None

INFORMATION GOVERNANCE – None

Executive Committee

Agenda
Item:

A.13

Meeting Date: 17 August 2020
Portfolio: Finance, Governance and Resources
Key Decision: No
Policy and Budget Framework: Yes
Public / Private: Public

Title: **Business and Planning Act 2020 and Constitutional Amendment relating to delegation of emerging legislative powers**
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD.38/20

Purpose / Summary:

As part of the Government's plans to reopen the hospitality and retail sector in the wake of Covid-19, it encouraged businesses to make greater use of outside space. The Business and Planning Act 2020, which came into force on 20th July 2020, has introduced a streamlined application process to allow restaurants, cafes, pubs and bars to place removable furniture such as tables and chairs on the paved highway adjacent to their premises. The measures support businesses to operate safely and generate income whilst maintaining social distancing measures. This report sets out a proposed scheme of delegation for the decision making powers contained within the Act.

The Business and Planning Act 2020 was introduced at short notice and without giving the Council the opportunity to put in place an appropriate scheme of delegation for exercise of the decision making powers. This has highlighted the need for interim measures to be in place to enable powers introduced by other new legislation to be exercised until such time as a report can be taken to the appropriate committee. This report sets out a proposed delegation to the Town Clerk and Chief Executive following consultation with the Chair of the relevant Committee which would otherwise make the decision.

Recommendations:

It is recommended that Executive recommends to Council that:

- (i) Responsibility is delegated to Development Control Committee for all matters in relation to pavement licences under the Planning and Business Act 2020 which are not otherwise delegated to Officers;

- (ii) Authority is further delegated to the Corporate Director of Economic Development to determine applications for pavement licences, to include setting the duration of the licence and attaching such conditions as is considered reasonably necessary; and to take any necessary action in relation to the enforcement and revocation of the licence;
- (iii) An internal review process is established where a licence has been refused or revoked or granted subject to conditions with which the applicant disagrees, using the Council's established Appeals process, giving the applicant the chance to make written and/ or oral representations to one of the Council's Appeals Panels;
- (iv) Further delegate the following decision-making power to the Town Clerk and Chief Executive:

"Power to take any decision on behalf of the Council, not otherwise delegated, which can lawfully be delegated to officers, subject to the decision taker, before taking the decision, having taken appropriate steps to consult the Chair of the committee which would, save for this delegated power, have taken the decision. The decision must be recorded in an Officer Decision Notice".

It is further recommended that Executive sets the fee for applications for pavement licences made under the Business and Planning Act 2020 at £100 (subject to Council approving the regime)

Tracking

Executive:	
Scrutiny:	
Council:	

1. BACKGROUND

1.1 Pavement Licences

1.2 The Business and Planning Act 2020 (“the Act”) came into force on 29th June 2020. The Act contains measures intended by the Government to assist businesses and communities to reopen and recover from economic impacts of the coronavirus pandemic. These measures include a streamlined procedure for granting pavement licences.

1.3 A pavement licence is a licence which allows a business to place removable furniture (for example, tables and chairs, heaters) on certain highways (for example, pavements) adjacent to their premises for use by the business to sell and serve food or drink, and for their customers to consume it.

1.4 District authorities are responsible for receiving and processing licence applications. The streamlined procedure in the Act replaces the Council’s current processes for dealing with such applications.

1.5 Application Process

1.6 An application for a licence must be made electronically and include a fee set by the Council.

1.7 The streamlined process provides for a seven-day consultation period starting the day after an application is received. During the consultation period, the business must display a notice outside the premises, and the Council must publish the application and invite representations on it.

1.8 The Council must make a decision on the application within seven days after the end of the consultation period. If it fails to do so, the application is deemed to be granted as made.

1.9 Determination Criteria for Applications

1.10 The Council must take into account any representations which it has received during the consultation period when deciding whether to grant an application. It must also consult the highway authority and such other persons as it considers appropriate. The Council must refuse the application if granting it would prevent access to the highway for highway users, as described in the Act.

1.11 An application which is granted or deemed to have been granted will be subject to four categories of condition. These are **mandatory conditions** (whose wording is set out in the act, designed to preserve access for highway users); **bespoke conditions** (tailored by the Council to the particular application but not applicable if the licence is deemed to have been granted); **standard conditions** (those published by the Council, unless inconsistent with any bespoke condition; and **national conditions** (published by the Secretary of State, unless inconsistent with a bespoke condition or standard condition).

1.12 Appeal Rights

1.13 There is no statutory right of appeal against decisions to refuse a licence or place conditions on one. The Council may, if it wishes, introduce an internal review procedure.

2. PROPOSALS

2.1 Proposed Scheme of Delegation

2.2 As the Act is entirely new legislation there is no existing scheme of delegation, so the functions therein need to be appropriately delegated to allow applications to be made, determined and enforced effectively and efficiently.

2.3 Accordingly, Members are asked to add all matters relating to the Act to the terms of reference for the Development Control Committee with onward delegation to Officers as detailed in the recommendations.

2.4 The timescales prescribed under the Act for applications to be processed make it impossible for a committee to determine the applications. Members are therefore asked to further delegate the determination of applications under the Act to the Corporate Director of Economic Development and for this delegation to include setting the duration of the licence and attach such conditions as they consider reasonably necessary and to take any necessary action in relation to the enforcement and revocation of the licence.

2.5 It is recommended that an internal review procedure is put in place, so that any applicant whose licence application is refused or revoked, or is granted subject to conditions with which they disagree, has the chance to make written and/ or oral representations against that decision, and that the Council's established appeals process is used for this.

2.6 Executive is therefore asked to recommend to Council that it formally delegates the functions as set out in Table 1 below and that this be incorporated into the Constitution.

Table 1:

Statutory Power	Function	Delegation
ss 1–10 Business and Planning Act 2020	All matters in relation to pavement licences under the Planning and Business Act 2020 which are not otherwise delegated to Officers	Development Control Committee
ss 3, 4, 5 and 6 Business and Planning Act 2020	Determination of applications for pavement licences, to include setting the duration of the licence and attaching such conditions as are considered reasonably	Corporate Director of Economic Development

	necessary; and to take any necessary action in relation to the enforcement and revocation of the licence	
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2.7 Fee Setting

2.8 Subject to the Council approving the regime outlined above, Executive is asked to set the fees to be charged for applications.

2.9 Fees for pavement licences have previously varied from £xxx to £yyy (excluding legal fees) depending on the size of the licenced area. The Act, however, prescribes a maximum fee of £100.

2.10 It is therefore recommended that a fee of £100 is set for all applications for pavement licences, both new and renewals, under the Act.

2.11 Use of Emergency Powers and Delegations

2.12 As this report has set out, the Business and Planning Act 2020 was introduced at short notice which has not allowed for time to put the appropriate delegations in place.

2.13 It is likely that further measures may be brought in at short notice, which may provide additional powers for District Councils, so it is recommended that an additional delegation is made to ensure that any new powers can be exercised in the interim until a full report can be brought before Members of the relevant Committees.

2.14 The Executive is therefore asked to recommend that Council approves the following delegation to the Town Clerk and Chief Executive:

“power to take any decision on behalf of the Council which can lawfully be delegated to officers, subject to the decision taker, before taking the decision, having taken appropriate steps to consult the Chair of the relevant Committee which would, save for this delegated power, have taken the decision. The decision must be recorded in an Officer Decision Notice”.

2.15 The said delegation will be recorded in Part 2(a) of the Constitution, Responsibility for Local Choice Functions.

3. RISKS

3.1 The requirements of the legislation place restrictions around the options available to the Council and the recommendations in the report enable the most efficient and effective way of dealing with the new requirements in a timely manner.

3.2 Unless a formal delegation of these powers is made, each application will need to be determined by full Council. The timescales prescribed in the Act will not be met and applications will be deemed to be granted

4. CONSULTATION

4.1 The recommendations in this report have been brought about by a change in legislation and, as such, no formal consultation has been carried out.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 It is recommended that Executive recommends to Council that:

- (i) Responsibility is delegated to Development Control Committee for all matters in relation to pavement licences under the Planning and Business Act 2020 which are not otherwise delegated to Officers;
- (ii) Authority is further delegated to the Corporate Director of Economic Development to determine applications for pavement licences, to include setting the duration of the licence and attaching such conditions as are considered reasonably necessary; and, in consultation with the Corporate Director of Governance and Regulatory Services, to take any necessary action in relation to the enforcement and revocation of the licence;
- (iii) An internal review process is established where a licence has been refused or revoked or granted subject to conditions with which the applicant disagrees, using the Council's established Appeals process, giving the applicant the chance to make written and/ or oral representations to one of the Council's Appeals Panels;
- (iv) Further delegate the following decision-making power to the Chief Executive:

"Power to take any decision on behalf of the Council, not otherwise delegated, which can lawfully be delegated to officers, subject to the decision taker, before taking the decision, having taken appropriate steps to consult the Chair of the committee which would, save for this delegated power, have taken the decision. The decision must be recorded in an Officer Decision Notice".

5.2 It is further recommended that Executive sets the fee for applications for pavement licences made under the Business and Planning Act 2020 at £100 (subject to Council approving the regime).

5.3 The reason for making the above recommendations is that it is considered that these enable the most efficient and effective way of dealing with the new requirements in a timely manner.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1 These measures are designed to support business growth to increase economic prospects, by enabling licensed premises to open safely, supporting the local economy. Enabling customers to feel safe while visiting restaurants, cafes, pubs and bars will help improve the quality of our local environment.

Contact Officer: Clare Liddle

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Appendices None
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:

- **Business and Planning Act 2020**
- **Business and Planning Act Pavement Licences Guidance**

CORPORATE IMPLICATIONS:

LEGAL – this report has been prepared by the Legal Services Manager and, therefore, legal implications are included within the body of the report. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended prescribe that functions under the Business and Planning Act 2020 are not to be the responsibility of the Executive. As such, the recommendation is that Executive recommends to Council that the scheme of delegation explained within the report is formally approved. The fee, however, is a new fee which must be set by Executive.

PROPERTY SERVICES - none

FINANCE – in accordance with D31 Financial Procedure Rules, the Executive is responsible for the setting of all fees and charges which are set out in this report. Otherwise, there are no financial implications flowing from the proposals.

EQUALITY – this report has no direct equality implications, however, upon receipt of applications, consideration will need to be given to equality issues, for example so that the visually impaired are not impacted by the siting of tables and chairs on the pavement.

INFORMATION GOVERNANCE – none

