

# AGENDA

## **Business & Transformation Scrutiny Panel**

**Tuesday, 01 December 2020 AT 10:00**

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

### **Virtual Meeting - Link to View**

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

[To view the meeting online click this link](#)

### **Members of the Business & Transformation Scrutiny Panel**

Councillor Bainbridge (Chair), Councillors Alcroft, Allison, Mrs Birks (Vice Chair), Mrs Bowman, Mitchelson, Paton, Dr Tickner

Substitutes:

Councillors Mrs Atkinson, Betton, Bomford, Mrs Brown, Collier, Ms Ellis-Williams, Mrs Finlayson, Mrs Glendinning, Glover, Mrs McKerrell, McNulty, Meller, Morton, Patrick, Robson, Shepherd, Miss Sherriff, Southward, Tarbitt, Tinnion, Miss Whalen.

## **PART A**

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

#### **Register of Attendance and Declarations of Interest**

A roll call of persons in attendance will be taken and Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

#### **Apologies for Absence**

To receive apologies for absence and notification of substitutions

#### **Public and Press**

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

#### **Minutes of Previous Meetings**

**9 - 16**

To note that Council, at its meeting on 3 November 2020, received and adopted the minutes of the meeting held on 3 September 2020 and 17 September 2020 (Special). The Chair will sign the minutes at the first practicable opportunity. [Copy Minutes in Minute Book 47(3)]

The Chair will move the minutes of the meeting held on 15 October 2020 as a correct record. The only part of the minutes that may be discussed is their accuracy.  
(Copy minutes herewith).

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

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

#### **A.2 BUDGET 2021/22**

**17 - 26**

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

**Members are reminded that the Budget Book was circulated to all Councillors on 30 October 2020 and are asked to bring it to the meeting.**

**The Executive Decisions from 9 November 2020 are attached.**

## **(a) Minutes of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel**

To receive the views of the Health and Wellbeing Scrutiny Panel and the Economic Growth Scrutiny Panel on the service implications of the Budget reports.

(Copy Minutes of 19 November 2020 and 26 November 2020 to follow)

### **Revenue Budget Reports:**

#### **(b) Budget Update – Revenue Estimates 2021/22 - 2025/26**

Report: RD.32/20

Pages 1 - 30

Officer: Alison Taylor, Corporate Director of Finance and Resources

#### **Background:**

To consider and comment on the summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and forecasts up to 2025/26 for illustrative purposes.

Potential new spending pressures and savings are also considered. The following areas are those that fall within the remit of the Panel in addition to its overall budget scrutiny remit:

Government Settlement Funding Assessment	4.1 Page 4
Retained Business rates and Council Tax	4.2 Page 4
Pay Award 2021/22	4.3 Page 5
Resources Assumptions	4.4 Page 5
Potential New Spending Pressures/Bids:	
Digital Marketing officer	5.4 Page 6
City Centre Property Income	5.5 Page 6
Pay Award	5.6 Page 6
Industrial Estate Income	5.8 Page 7
Income and Budget Monitoring Shortfalls - Potential recurring pressures:	5.9 Page 7
- Development Control Income	
- Contact Centre	
- Talkin Tarn	
- Digital Banner	
- Lanes Income	

- Gateway 44

- Car Parking

To consider new savings proposals and additional income generation. The following areas are those that fall within the remit of the Panel in addition to its overall budget scrutiny remit:

Digital Banner 6.3 Page 7

Funding Streams - Business Rates Pooling 6.4 Page 8

Savings 6.5 Page 8

### **(c) Individual Charges Reviews -**

#### **Background:**

To consider and comment upon individual charges review reports as follows:

#### **Community Services**

Report: CS.30/20 and addendum circulated on 4 November 2020 Pages 27 - 52

Officer: Darren Crossley, Deputy Chief Executive

#### **Economic Development**

Report: ED.38/20 Pages 53 - 64

Officer: Jane Meek, Corporate Director of Economic Development

#### **Governance and Regulatory Services**

Report: GD.48/20 Pages 65 - 98

Officer: Mark Lambert, Corporate Director of Governance and Regulatory Services

#### **Licensing:**

Report: GD.54/20 Pages 99 - 116

Officer: Mark Lambert, Corporate Director of Governance and Regulatory Services

### **(d) Revised Capital programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26**

Report: RD.33/20 Pages 117 - 128

Officer: Alison Taylor, Corporate Director of Finance and Resources

**Background:**

To consider and comment on the revised capital programme for 2020/21, together with the proposed method of financing and the proposed programme for 2021/22 to 2025/26 in light of new capital proposals identified, and the estimated capital resources available to fund the programme.

**(e) Corporate Assets –3 Year Repair and Maintenance Programme 2021/22 – 2023/24**

Report: GD.52/20

Pages 129 - 134

Officer: Mark Lambert, Corporate Director of Governance and Regulatory Services

**Background:**

To consider and comment on the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the three year period 2021/22 to 2023/24 together with an update on building maintenance.

**(f) Treasury Management Quarter 2 2020/21 and Forecasts for 2021/22 to 2025/26**

Report: RD.34/20

Pages 135 - 148

Officer: Alison Taylor, Corporate Director of Finance and Resources

**Background:**

To receive the regular quarterly report on Treasury Transactions and the City Council's Treasury Management estimates for 2021/22 with projections to 2025/26.

**(g) Local Taxation 2021/22 – 2025/26**

Report: RD.35/20

Pages 149 - 158

Officer: Alison Taylor, Corporate Director of Finance and Resources

**Background:**

To receive the considerations as part of the budget process that need to be made in relation to aspects of funding received by the Council from Local Taxation.

**Why are these items on the agenda?**

Annual scrutiny as part of the Budget process. The matter is included in the Notice of Executive Key Decisions (KD.25/20).

**What is the Panel being asked to do?**

Scrutinise the reports and provide feedback to the Executive.

**A.3 REVENUE BUDGET OVERVIEW AND MONITORING REPORT APRIL TO SEPTEMBER 2020 27 - 54**

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

Officer: Alison Taylor, Corporate Director of Finance and Resources

Report: RD.36/20 and Minute Excerpt herewith

**Background:**

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 September 2020 for revenue schemes only, and details of the impact of COVID-19 on the revenue budget. The matter was considered by the Executive on 9 November 2020.

**Why is this item on the agenda?**

Budget monitoring report.

**What is the Panel being asked to do?**

To scrutinise the overall budgetary position for the period April to September 2020.

**A.4 CAPITAL BUDGET OVERVIEW AND MONITORING REPORT APRIL TO SEPTEMBER 2020 55 - 74**

Portfolio: Finance, Governance and Resources

Directorate: Finance and Resources

Officer: Alison Taylor, Corporate Director of Finance and Resources

Report: RD.37/20 and Minute Excerpt herewith

**Background:**

The Corporate Director of Finance and Resources to submit a report providing an overview of the budgetary position of the City Council's capital programme for the period April to September 2020. The matter was considered by the Executive on 9 November 2020.

**Why is this item on the agenda?**

Budget monitoring report.

**What is the Panel being asked to do?**

To scrutinise the overall budgetary position for the period April to September 2020.

## **A.5 QUARTER 2 PERFORMANCE REPORT 2020-21**

**75 - 88**

Portfolio: Finance, Governance and Resources

Directorate: Corporate Support

Officer: Gary Oliver, Policy and Performance Officer

Report: PC.29/20 herewith

### **Background:**

The Town Clerk and Chief Executive to submit a report on the Quarter 2 2020/21 performance against the Council's current Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. Performance against the Panel's 2020/21 Key Performance Indicators (KPIs) are also included.

### **Why is this item on the agenda?**

Annual monitoring of performance.

### **What is the Panel being asked to do?**

Scrutinise the performance of the City Council with a view to seeking continuous improvement in how the Council delivers its priorities

## **A.6 BREXIT RISK ASSESSMENT**

**89 - 94**

Portfolio: Cross Cutting

Directorate: Economic development

Officer: Jane Meek, Corporate Director of Economic Development

Report: ED.45/20 herewith

### **Background:**

The Corporate Director of Economic Development to provide a report which considers the potential impacts and implications of a 'hard' or 'No deal' Brexit on Carlisle City Council and its services.

### **Why is this item on the agenda?**

The matter was requested by the Panel at their meeting on 15 October 2020 (BTSP.66/20 refers)

### **What is the Panel being asked to do?**

That the report is noted.

## **A.7 OVERVIEW REPORT**

**95 -  
100**

Portfolio: Cross Cutting

Directorate: Cross Cutting

Officer: Rowan Jones, Overview and Scrutiny Officer

Report: OS.27/20 herewith

### **Background:**

To consider a report providing an overview of matters related to the work of the Business and Transformation Scrutiny Panel.

### **Why is this item on the agenda?**

The Business and Transformation Scrutiny Panel operates within a work plan which has been set for the 2020/21 municipal year. The Plan will be reviewed at every meeting so that it can be adjusted to reflect the wishes of the Panel and take into account items relevant to this Panel in the latest Notice of Executive Key Decisions.

### **What is the Panel being asked to do?**

Note the items (within Panel remit) on the most recent Notice of Executive Key Decisions

Discuss the work programme and prioritise if necessary

## **PART B**

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

- NIL -

Enquiries, requests for reports, background papers etc to:

Rachel Plant, Democratic Services Officer - [rachel.plant@carlisle.gov.uk](mailto:rachel.plant@carlisle.gov.uk)



**BUSINESS AND TRANSFORMATION SCRUTINY PANEL**

**THURSDAY 15 OCTOBER 2020 AT 4.00PM**

**PRESENT:** Councillor Bainbridge (Chair), Councillors Alcroft, Allison, Mrs Birks, Mrs Bowman, Dr Tickner, Mitchelson and Paton.

**ALSO**

**PRESENT:** Councillor J Mallinson, Leader  
Councillor Ellis, Finance, Governance and Resources Portfolio Holder

**OFFICERS:** Town Clerk and Chief Executive  
Corporate Director of Economic Development  
HR Advisor  
Development Manager  
Overview and Scrutiny Officer

**BTSP.58/20 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of the Corporate Director of Finance and Resources and the HR Manager.

**BTSP.59/20 DECLARATIONS OF INTEREST**

There were no declarations of interest submitted.

**BTSP.60/20 PUBLIC AND PRESS**

**RESOLVED** – It was agreed that the items of business in Part A be dealt with in public and Part B be dealt with in private.

**BTSP.61/20 MINUTES OF PREVIOUS MEETINGS**

**RESOLVED-** 1) It was noted that Council, at its meeting on 8 September 2020, received and adopted the minutes of the meeting held on 23 July 2020. The Chair will sign the minutes at the first practicable opportunity.

2) That the minutes of the meeting held on 3 September 2020 be approved as a correct record.

**BTSP.62/20 CALL IN OF DECISIONS**

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

**BTSP.63/20 UPDATE ON ATTENDANCE MANAGEMENT TASK AND FINISH GROUP**

The HR Advisor submitted an update on the Task and Finish Group established to review the Council's Attendance Management Policy (RD.31/20).

The HR Advisor reminded the Panel of the purpose and membership of the Task and Finish and reported that the Group was due to meet again to discuss the draft policy and manager's and toolkit.

The Task and Finish Group Members felt that the Group had worked well with Officers to produce a clear supportive Policy.

In considering the report Panel Members supported the change in emphasis in the Policy to a supportive one and were encouraged that the Unions had actively engaged in the production of the Policy.

In response to questions the HR Advisor clarified that any future policy updates would include Member and Union engagement and training on the new Policy would be rolled out to managers to ensure attendance management was being dealt with in a consistent and clear manner.

RESOVLED – That the Update on the Attendance Management Task and Finish Group (RD.31/20) be noted.

## **BTSP.64/20 CORPORATE PEER CHALLENGE – FOCUS ON SCRUTINY**

The Overview and Scrutiny Officer submitted report OS.21/20 which outlined the key findings of the Corporate Peer Challenge in respect scrutiny activity and outlined the Council's responses thus far.

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

- What would a 'strong, Member led work programme' look like and how different would it be to the way Scrutiny operated currently?

The Overview and Scrutiny Officer explained that a Member led work programme would develop over time as Members began to take a stronger more robust approach to challenging reports. Members may consider items which they thought were important as their role as community champions and could ask for items that they considered to be missing from the work programme. In terms of how the Panel's work would add value to those areas, that would be explored with either the Overview and Scrutiny Officer or an Officer from the relevant service area in advance of items being included on the Work Programme.

- The current Business and Transformation Scrutiny Panel work plan graph showed that the Panel did not undertake partnership work, could this be introduced as part of the commercialisation work?

The Overview and Scrutiny Officer responded that the same five sub-headings within the graph had been used for each Panel and showed that partnership scrutiny fell more comfortably with the other Panels.

The Chair agreed that the Panel's had a largely a monitoring role with respect to scrutiny and acknowledged Panel's desire to move towards more challenging and policy influencing scrutiny. Referring to the suggestion in the report that the Panel set up a Commercialisation Strategy Task and Finish Group, he indicated that this may be an opportunity for the Panel to engage in partnership working.

A Member supported the setting up of the Task and Finish Group and agreed that it may provide opportunities for partnership working. He felt that the Panel could take a lead on identifying area where partnership working could add value to the Panel's work. Moreover, a number of reports submitted to the Panel sought Members' appraisal of work already undertaken, were as more value could be added if the Panel's input was sought at an earlier stage.

In relation to setting up a Commercial Strategy Task and Finish Group Members made the following suggestions: that local business leaders be invited to participate and, that it be

undertaken in the new year, due to the Panel already being involved in a Task and Finish Group on Attendance Management. The Chair agreed the suggestions.

Another Member noted that the LGA were currently keen to advance Climate Change on the scrutiny agenda, along with other regional scrutiny bodies. It was felt that the Council was, in comparison to some other authorities, further on in that work. Furthermore, the recent Sickness Absence Task and Finish Group, suggested that Members were leading the scrutiny process and working in policy development.

- A Member commented role of this Panel was different to the other Scrutiny Panels as it had a greater internal focus within the authority. In terms of expanding policy development work, he suggested that the Executive be approached to identify areas of policy that would be developed in the coming year and discussion be held as to how the Panel may be involved in that work. He further suggested another possible area of work for the Panel: the impact of Covid 19 on how the Council had operated.

In response to a question from the Chair about which other local authority meetings could be viewed to be understand how scrutiny operated in other Councils, the Overview and Scrutiny Officer undertook to compile a list of those who operated within similar structures.

- The Scrutiny Chair Group had determined that the number and constitution of Panel not be considered as part of the Peer Challenge Work, given the current undertakings in respect of local government reorganisation, a Member questioned whether those aspect of scrutiny did need to be considered.

Another Member proposed that the matter be referred back to the Scrutiny Chairs Group. The proposal was seconded, and the Panel indicated its agreement.

**RESOLVED – 1) That a Commercialisation Strategy Task and Finish Group be set up in early 2021.**

**2) That the impact of Covid 19 on the Council's operations be added as an item to the Panel's Work Programme.**

**3) That the Panel refer the issue of incorporating the number and composition of Scrutiny Panels as part of the Peer Challenge work to the Scrutiny Chairs Group.**

**4) That the Overview and Scrutiny Officer compile a list of other local authority scrutiny panels virtual meetings for Members to compare different approaches to scrutiny.**

## **BTSP.65/20 ALLOCATION OF SECTION 106 FUNDS**

The Development Manager submitted report (ED.35/20) which set out the background to Section 106 Agreements (S106). The report outlined: The National Legislative and Policy Context (including the Town and Country Planning Act 1990 and The Planning Act 2008); the process used for creating Section 106 Legal Agreements; Contributions; Monitoring, and Risks.

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

- Did the process allow for pre-application discussion with locally elected representatives such as Parish or City Councillors?

The Development Manager explained that in terms of major developments (defined in the Carlisle District Local Plan 2015-30 as 10 or more dwellings), applicants were required to carry out community consultation which may identify potential capital projects which could be funded through a S106. These were open to the public and elected representatives and participating in the consultation did not preclude the submission of objections once an application had been formally submitted to the Council.

The process was well used, and in some cases developers would revise their plans based on the consultation responses received. The Development Manager noted that it was difficult for Members who sat on the Development Control Committee to take part in that process, however, all electoral wards of the Council were now served by three Councillors. In the event that funding was required it would be more appropriate for Councillors not on that Committee to engage in discussions with the developer or Planning Officers on the matter.

The Chairman responded by asking how Ward Members could best advise Planning Officers on capital projects they felt were needed in their area, and would wish to include in a S106 prior to the submission of a formal planning application.

The Development Manager advised that, in order for an item to receive funding from an S106 it needed to meet the prescribed legal tests of: necessary to make the development acceptable in planning terms; directly related to the development; fair and reasonably related in scale and kind to the development. Each application was decided on a case by case basis in the context of local and national planning policy, therefore a "wish list" of items was not feasible. The Development Manager and the Principal Planning Officer through their processing of major applications and communications with Members had a good understanding of areas of work wanted in a particular Ward. The Panel was advised that, some funding contributions secured by a S106 were released when particular trigger points were hit, as such it could be some time after the commencement of development that monies were made available.

A Member responded that communication from the Planning Department to Members regarding applications likely to generate a S106 was important, as in his experience, developers did not usually contact Ward Members at the pre-application stage.

In relation to Parish Council's responding to consultations on applications, a Member commented that often they responded only to the particulars of the proposed scheme, rather than identifying potential areas for a S106 contribution.

The Development Manager acknowledged the Member's comments and said he would consider how to engage Parish Councils more fully in suggesting potential items for a Planning Obligation. He worked closely with Cumbria Association of Local Council who were the overarching body for Parish Council, and indicated he would consider providing a briefing to that organisation.

- A Member noted a List of Planning Applications was circulated to all Members of the Council, he asked if it would be possible for that document to indicate applications that would likely be subject of a S106?

The Development Manager undertook to consider the format of the List to see how this information was able to be incorporated.

A Member commented that she wished to know at the earliest opportunity about applications likely to be subject of a S106 and asked the best way to do this.

The Corporate Director felt it was important the Members were involved in the dialogue when a S106 was being set up and undertook to consider the most effective format for that, suggesting a webpage may be appropriate.

The Chairman suggested that perhaps some training for Members on the issue of S106s may be arranged or an Informal Council briefing held so that all Members of the Council understood the process.

The Finance, Governance and Resources Portfolio Holder responded that he felt an Informal Council Briefing would be a useful way to engage with Members of the Council to explain the S106 process to them. In addition, training for Members on the application process would be useful, as well as a way for tracking planning applications as they were progressed.

In response to a question from a Member regarding the non-delivery of items agreed as part of a S106, the Development Manager set out the legal basis upon which a developer could challenge an agreement and alter its terms.

- Was it possible for S106 monies to be banked so that a collection of contributions may be used to fund a larger capital project?

Included within S106s were pay-back clauses which required the Council to return monies to a developer in the event that they were not spent on the stipulated project: usually the time scale for those was between 5 and 10 years.

- How would the current white paper on planning reform affect S106s?

There were currently two methods of securing Planning Obligations: S106 and Community Infrastructure Levy (CIL), the current white paper proposed a merger of the two systems. However, the form the new obligations would take was not yet known.

The Corporate Director added that she understood there was to be a nationwide stipulations on the level of contributions a Local Planning Authority could require when forming a S106, she was concerned by this as there was significant differences between development in the north and south of the country and also large variances in land values.

RESOLVED – 1) That the Allocation of Section 106 Funds report be noted (ED.35/20).

2) That an Informal Council Briefing on Section 106 Agreements be arranged.

3) That the Development Manager consider ways to include information on applications that would be subject to a Section 106 Agreement in the List of Planning Applications circulated to Members.

4) That the Corporate Director of Economic Development consider a method for involving Ward Members in the early stages of dialogue for a Section 106 Agreement.

## **BTSP.66/20 PLANNING FOR A NO DEAL BREXIT**

The Corporate Director of Economic Development gave a verbal update on the Council's position with regard to a no deal Brexit which covered: the background to preparations for a No Deal Brexit; the main challenges; supporting small businesses; loss of employees who were European Union residents; The Track, Trace and Go programme. The Corporate Director felt that the District was in a good position to be able to deal with a No Deal Brexit, but that the issue would continue to be monitored so that appropriate actions may be taken in a timely manner.

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

- A Member wished to see an Impact Assessment on how a No Deal Brexit would impact the Council and its projects and schemes.

The Corporate Director noted that all Council projects had Risk Assessments associated with them, she undertook to review those within her Directorate in the context of a No Deal Brexit.

A Member questioned whether the Council had sufficient resources to carry out a review of its project Risk Assessments as it was so wide ranging, for example, the various materials and equipment the Council procured. She also felt it was important to understand the impact on the wider district.

The Corporate Director responded that project Risk Assessments were very detailed and considered the impact on external factors as well as the Council. In terms of the wider community it was important that the Council, in leadership role, was able to signpost organisations and individuals to appropriate sources of information and help, therefore it was important Officers had up to date information so that they could respond to inquiries appropriately.

The Member asked what level of staff would have the necessary information to signpost people when Britain officially left the European Union.

The Corporate Director advised that, within the Economic Development team an Officer would be specifically tasked with the work. Information would then be circulated through networks such as Carlisle Ambassadors.

The Town Clerk and Chief Executive added that the Council was not sufficiently resourced to be able provide advice to all organisations and individuals in the district. However, it would use its resources in the most effective ways it could to provide advice and signposting where it was able to do so. In terms of the impact to the Council, Officers were familiar with the risk assessment process and would apply those protocols accordingly in their work in the event of a No Deal Brexit.

The Panel and Officers discussed ways in which the Council could risk assess the impact of a No Deal. It was proposed, seconded and agreed that a No Deal Brexit be included as a risk in the Risk Register report submitted to the Panel.

RESOLVED – That the verbal report of the Corporate Director of Economic Development on Planning For A No Deal Brexit be noted.

## **BTSP.67/20 OVERVIEW REPORT AND WORK PROGRAMME**

The Overview and Scrutiny Officer presented report OS.23/20 providing an overview of matters relating to the work of the Business and Transformation Scrutiny Panel. Further to the publication of the report a Notice of Executive Key Decisions was circulated on 9 October 2020, it did not include any items within the Panel remit. The Panel were advised that the Corporate Director of Finance and Resources had indicated that she aimed to provide the outstanding responses shown in Section 3 of the report as soon as practicable.

The Overview and Scrutiny Officer advised that in the Panel's pre-meeting, Members had indicated that the Quarter 2 Sickness Absence report be submitted as a "For Information Only" document rather than a report. Members confirmed that change to the agenda.

A Member suggested that an item be added to the 1 December meeting on Brexit Risk Assessment. The Town Clerk and Chief Executive undertook to provide the report.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to the Business and Transformation Scrutiny Panel be noted (OS.23/20).

2) That the Quarter 2 Sickness Absence report be submitted as a “For Information Only” document at the 1 December 2020 meeting of the Panel.

3) That the Town Clerk and Chief Executive submit a Brexit Risk Assessment report to the 1 December 2020 meeting of the Panel.

(The meeting ended at 5.53pm)





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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 9 NOVEMBER 2020**

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### **BUDGET OVERVIEW 2021/22**

The Deputy Leader introduced Agenda item A.1 which constituted the formal beginning of the 2021/22 Budget process. He reminded Members that the various reports listed under that item and which were under consideration by the Executive today would proceed to the Business and Transformation; Health and Wellbeing; and Economic Growth Scrutiny Panels. The Executive would then reconvene in December 2020 to assess the Scrutiny feedback on the Budget.

### **EX.122/20 BUDGET UPDATE - REVENUE ESTIMATES 2021/22 TO 2025/26** (Key Decision – KD.25/20)

**Portfolio** Finance, Governance and Resources

**Relevant Scrutiny Panel** Health and Wellbeing; Economic Growth; Business and Transformation

### **Subject Matter**

The Deputy Leader submitted report RD.32/20 providing a summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and forecasts up to 2025/26 for illustrative purposes. The base estimates had been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the Medium Term Financial Plan (MTFP) and Charging Policy; Capital Strategy; and Asset Management Plan approved by Council on 8 September 2020.

The report set out known revisions to the MTFP projections, although there were a number of significant factors affecting the budget that were currently unresolved and which would be considered as the budget process progressed (paragraph 1.3 referred).

Details of the outstanding key issues and resource assumptions were set out at Section 4, the report also alluding to the fact that decisions would need to be taken to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies, and potential use of reserves, to enable a balanced budget position to be recommended to Council in February 2021.

In light of the current position in the MTFP, there were some potential new spending pressures and bids which required consideration. There may also be other pressures on the revenue budget as highlighted within the revenue monitoring report, which may have a recurring impact; however, Officers were reviewing the existing base budget

provisions to ensure that the services could be provided within those budgetary provisions and also contribute towards the savings target. Details of the COVID-19 income and budget monitoring shortfalls were documented at paragraph 5.9.

The current MTFP included a recurring savings requirement to be found by 2021/22 of £1 million.

Also summarised were the movements in base budgets; the updated MTFP projections; Treasury Management and Borrowing; the projected impact on revenue balances; review of reserves and balances; together with a summary of the financial outlook and budget discipline 2021/22 to 2025/26.

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected** none

## **DECISION**

That the Executive:

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

## **Reasons for Decision**

To note the Revenue Base Estimates; updated Medium Term Financial Plan projections and budget pressures / savings for consideration as part of the 2021/22 budget process

### **EX.123/20 REVIEW OF CHARGES 2021/22 - COMMUNITY SERVICES** (Key Decision – KD.25/20)

**Portfolio** Environment and Transport; Culture, Heritage and Leisure

**Relevant Scrutiny Panel** Economic Growth; Health and Wellbeing;  
Business and Transformation

## **Subject Matter**

The Deputy Leader submitted report CS.30/20 setting out the proposed fees and charges for 2021/22 relating to those services falling within the Community Services Directorate.

The Deputy Leader informed the Executive that an Addendum to the report, providing an update and details of the proposed charge for refuse bins for new properties and also the charge of a second garden waste bin for 2021/22, had been circulated to all Members of the Council on 4 November 2020.

On the issue of car parking, the report recorded the proposal to simplify the permit fees and base those on the all-day charge in those car parks; and offer a 10% discount if a monthly/annual permit was purchased (plus a small administrative fee) for the applicable car parks. Therefore, the fees for permits would not be shown separately but there was opportunity to review the rate of discount offered.

In terms of pay and display tariffs, an increase of 3% was proposed, with changes to Paddy's Market to make that an all-day car park due to limited spaces and use. Due to lack of interest, it was further proposed to remove the early bird tariff from West Walls.

Details of the other proposed charges in relation to City Centre usage by external organisations; events; digital banner; Old Fire Station; Tourist Information Centre; allotments; use of parks; sports pitches; Talkin Tarn; Bereavement Services; Waste Services and Garage charges were also provided.

The original 2020/21 budgets and 2021/22 forecast income levels based upon the current charge structure and forecast volume was as detailed in the table on page 32 of the document pack. The charges highlighted within the report would result in an anticipated level of income of £2,518,400 against the MTFP target of £3,006,000. That represented a shortfall of £487,600 against the MTFP target.

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected** none

## **DECISION**

That the Executive:

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

## **Reasons for Decision**

To ensure that the City Council's Corporate Charging Policy is complied with

**EX.124/20 REVIEW OF CHARGES 2021/22 – ECONOMIC DEVELOPMENT**  
(Key Decision – KD.25/20)

**Portfolio** Economy, Enterprise and Housing

**Relevant Scrutiny Panel**

Health and Wellbeing; Economic Growth; Business and Transformation

**Subject Matter**

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

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

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

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected** none

**DECISION**

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

**Reasons for Decision**

To ensure that the City Council's Corporate Charging Policy is complied with

**EX.125/20 REVIEW OF CHARGES 2021/22 – GOVERNANCE AND REGULATORY SERVICES**

(Key Decision – KD.25/20)

**Portfolio** Cross Cutting

**Relevant Scrutiny Panel**

Health and Wellbeing; Business and Transformation

**Subject Matter**

The Deputy Leader submitted report GD.48/20 concerning the proposed fees and charges for areas falling within the responsibility of the Governance and Regulatory Services Directorate.

The report set out the proposed charges relative to Environmental Health and Housing; Homeless, Prevention and Accommodation Services; and Legal Services.

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

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected** none

## **DECISION**

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

## **Reasons for Decision**

To ensure that the City Council's Corporate Charging Policy is complied with

**EX.126/20 REVIEW OF CHARGES 2021/22 – LICENSING**  
(Key Decision – KD.25/20)

**Portfolio** Finance, Governance and Resources

**Relevant Scrutiny Panel** Business and Transformation

## **Subject Matter**

The Deputy Leader submitted report GD.54/20 setting out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance and Regulatory Services Directorate.

The Regulatory Panel had responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013, which fell to the Executive. The fees were as outlined in attached Report GD.50/20.

The Deputy Leader then moved the report, which was seconded by the Leader.

**Summary of options rejected** that the charges detailed at Appendix A should not be approved

## **DECISION**

That the Executive:

1. Noted the charges which were considered by the Regulatory Panel on 14 October 2020, with the exception of charges under the Scrap Metal Dealers Act 2013.
2. Approved the charges detailed at Appendix A under the Scrap Metal Dealers Act 2013 with effect from 1 April 2021.

## Reasons for Decision

To ensure that the City Council's Corporate Charging Policy is complied with and sufficient income is generated to cover the costs associated with administering and enforcing the Council's statutory licensing function

### **EX.127/20    REVISED CAPITAL PROGRAMME 2020/21 AND PROVISIONAL CAPITAL PROGRAMME 2021/22 TO 2025/26** (Key Decision – KD.25/20)

**Portfolio**      Finance, Governance and Resources

**Relevant Scrutiny Panel**      Economic Growth; Health and Wellbeing; Business and Transformation

## Subject Matter

The Deputy Leader submitted report RD.33/20 detailing the revised Capital Programme for 2020/21, now totalling £19,390,400 together with the proposed method of financing; and highlighting an underspend of £714,250 against the profiled annual budget. Also summarised was the proposed programme for 2021/22 to 2025/26 in the light of the new capital proposals identified, together with the estimated capital resources available to fund the programme.

Section 4 provided details of the current commitments and new spending proposals. Any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved.

In addition, a summary of the estimated resources compared to the proposed programme year on year was set out at Section 6 of the report.

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected**    none

## DECISION

That the Executive:

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

## **Reasons for Decision**

To note the details of the revised Capital Programme and relevant financing and make arrangements for the new capital bids to be considered as part of the 2021/22 budget process

### **EX.128/20 CORPORATE ASSETS – 3 YEAR REPAIR AND MAINTENANCE PROGRAMME 2021/22 TO 2023/24** (Key Decision – KD.25/20)

**Portfolio** Finance, Governance and Resources

**Relevant Scrutiny Panel** Business and Transformation

## **Subject Matter**

The Deputy Leader submitted report GD.52/20 setting out the repair and maintenance programme budget proposals for the Council's corporate property assets for the three-year period 2021/22 to 2023/24, required to ensure that the legal responsibilities of the City Council were met. Background information was as detailed at Section 1.

In terms of planned maintenance, the report recorded that the projects detailed at Section 2 reflected the highest priority projects to be funded from capital. The current allocation of £250,000 included an additional £100,000 allocated to further address maintenance backlog.

The allocation reflected the Council's current financial situation. In an ideal world outstanding maintenance would be reduced to a minimum, however, that was not possible in the current climate. The effect of maintaining a reduced budget would likely result in an increase in the number of properties awaiting maintenance, although that could be alleviated in part by disposal of properties with a high maintenance requirement.

The Deputy Leader moved the report, which was duly seconded by the Leader.

**Summary of options rejected** that approval should not be granted

## **DECISION**

That the Executive approved:

1. The three-year revenue maintenance programme set out in Appendix A to Report GD.52/20 as part of the budget process.
2. The 2021/22 capital budget of £250,000 as part of the budget process.
3. The List of capital projects selected to meet the allocated capital budget of £250,000.

## **Reasons for Decision**

The Council's property assets require regular repair and maintenance to ensure they provide a safe working environment for their users and occupiers. The recommendations outlined ensured that Council assets were maintained to a standard that supported service provision and ensured the safety and comfort of their users and occupiers

### **EX.129/20 TREASURY MANAGEMENT QUARTER 2 2020/21 AND FORECASTS FOR 2021/22 TO 2025/26** (Key Decision – KD.25/20)

**Portfolio** Finance, Governance and Resources

**Relevant Scrutiny Panel** Business and Transformation

## **Subject Matter**

The Deputy Leader submitted report RD.34/20 providing the regular quarterly report on Treasury Transactions, together with an interim report on Treasury Management as required under the Financial Procedure Rules. The report also discussed the City Council's Treasury Management estimates for 2021/22 with projections to 2025/26 and set out information regarding the requirements of the Prudential Code on local authority capital finance.

Treasury Management projections were reviewed annually to ensure that current interest rate forecasts were updated, and that current and future spending implications were built into the cash flow forecasts model. Average cash balances would need to be amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves and that would adjust the final pressure/saving requirement from treasury management. The draft base Treasury Management estimates for 2021/22 with projections for 2025/26 were set out at Appendix C.

The Deputy Leader moved the report, which was seconded by the Leader.

**Summary of options rejected** none

## **DECISION**

That Report RD.34/20 be received and the projections for 2021/22 to 2025/26 be incorporated into the Budget reports considered elsewhere on the Agenda.

## **Reasons for Decision**

To receive the report on Treasury Management and refer it as part of the budget process



**EX.130/20    LOCAL TAXATION 2021/22 – 2025/26**  
(Key Decision – KD.25/20)

**Portfolio**     Finance, Governance and Resources

**Relevant Scrutiny Panel**            Business and Transformation

**Subject Matter**

The Deputy Leader submitted report RD.35/20 considering aspects of Local Taxation decisions which needed to be made as part of the Budget process for 2021/22 onwards.

Set out within the report were the various considerations, including the levels of Council Tax for the City Council (including Parish Precepts), Council Tax Surplus calculations, Council Tax Base calculations, Local Support for Council Tax, and Business Rate Retention (including Pooling arrangements). A summary of the assumptions made was also provided at Section 4.

The Deputy Leader moved the report, which was duly seconded by the Leader.

**Summary of options rejected**    that approval should not be granted

**DECISION**

That the Executive:

1.     Noted the contents of Report RD.35/20 including the current assumptions built into the MTFP with regard to local taxation issues;
2.     Approved, for recommendation to Council as part of the budget process, the 2021/22 Local Support for Council Tax scheme as set out in paragraph 2.4.
3.     Approved the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2021/22 subject to the continuing involvement of the other partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.

**Reasons for Decision**

To make recommendations on aspects of Local Taxation decisions required to be made as part of the 2021/22 Budget process



# Report to Business & Transformation Scrutiny Panel

Agenda Item:

**A.3**

Meeting Date: 1 December 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 SEPTEMBER 2020  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 36/20

**Purpose / Summary:** This report provides an overview of the Council's General Fund revenue budgetary position for the period April to September 2020 which was considered by the Executive on 9 November 2020.

## Questions for / input required from Scrutiny:

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

## Recommendations:

Members of the Business & Transformation Scrutiny Panel are asked to scrutinise the overall budgetary position for the period April to September 2020.

## Tracking

Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
Council:	<b>n/a</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 9 November 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 SEPTEMBER 2020  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 36/20

**Purpose / Summary:** This report provides an overview of the Council's overall budgetary position for the period April to September 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 September 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.

## Tracking

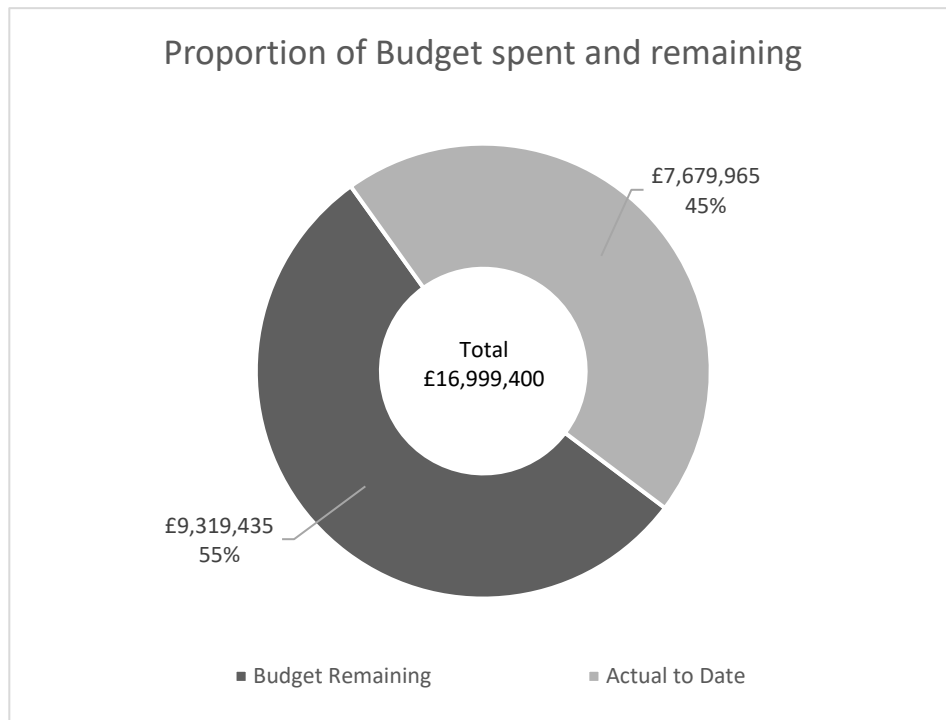
Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
Council:	<b>n/a</b>

## **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 September 2020 is as follows:



2.2 The summarised revenue budgetary position as at September 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	10,142,200	4,068,405	4,460,896	392,491
Corporate Support	B2	1,685,100	1,619,300	542,418	553,852	11,434
Economic Development	B3	1,808,900	2,193,700	1,053,384	1,166,455	113,071
Finance & Resources	B4	1,418,300	1,378,200	1,840,460	997,746	(842,714)
Governance & Regulatory Services	B5	1,157,900	1,795,400	992,406	1,088,308	95,902
Corporate Management	B6	(2,491,600)	(129,400)	(353,141)	(587,292)	(234,151)
<b>Service Expenditure</b>		<b>13,842,000</b>	<b>16,999,400</b>	<b>8,143,932</b>	<b>7,679,965</b>	<b>(463,967)</b>
Parish Precepts		688,200	688,200	688,200	687,965	(235)
<b>Total</b>		<b>14,530,200</b>	<b>17,687,600</b>	<b>8,832,132</b>	<b>8,367,930</b>	<b>(464,202)</b>
<b>Transfers to/(from) Reserves</b>						
Cremator Replacement Reserve		0	55,300			
Carry Forward Reserve		0	(22,300)			
Revenue Grants Reserve		0	(729,800)			
General Fund Reserve		(456,100)	(971,700)			
Planning Services Reserve		0	8,700			
Flood Reserve		0	(1,944,200)			
Building Control Reserve		0	(9,500)			
<b>Total Transfer to/(from) Reserves</b>		<b>(456,100)</b>	<b>(3,613,500)</b>	<b>(1,795,082)</b>	<b>(963,343)</b>	<b>831,739</b>
Financed by:						
Precept from Collection Fund		(8,205,200)	(8,205,200)	(4,102,600)	(4,102,390)	210
Business Rate Retention		(5,868,900)	(5,868,900)	(2,934,450)	(3,302,197)	(367,747)
<b>Total Grants</b>		<b>(14,074,100)</b>	<b>(14,074,100)</b>	<b>(7,037,050)</b>	<b>(7,404,587)</b>	<b>(367,537)</b>
<b>Total</b>		<b>(14,530,200)</b>	<b>(17,687,600)</b>	<b>(8,832,132)</b>	<b>(8,367,930)</b>	<b>464,202</b>

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. Although the net position is shown in the table above, the main variances are summarised in the table below.

Budget Area		Underspend £	Overspend £
Bereavement Services	B1	(135,714)	0
Car Parking Income	B1	0	395,303
Leisure Contract	B1	0	292,346
Recycling and Waste Management	B1	(126,027)	0
Building Control Fee Income	B3	0	51,673
Development Control Income	B3	0	59,297
Loan Interest (including new borrowing)	B4	(783,061)	0
Investment Interest Received	B4	(53,702)	0
The Lanes Income	B5	0	221,681
Homeless Accommodation	B5	0	124,718
Electoral Services	B6	(51,839)	0
Inflation Savings still to find	B6	0	66,800
Salary Turnover Savings	B6	(306,090)	0

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 a virement to fund this is being recommended to Council for approval.
- 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 shortfall in Development Control fee income due to Covid-19.
- 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. A virement of £469,300 from these savings is being recommended to Council for approval to part fund the Leisure contract variation.
- Higher than expected returns to date on Investments due to higher cash balances.
- Rental income losses from the Lanes with current projections indicating a potential loss of £539,000 for 2020/21. This will be partly offset by prior year head rent reconciliations which are estimated at £108,000.
- An underspend of £18,288 on expenditure on Homeless Accommodation and a shortfall in income of £143,006. 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.

- An underspend on Election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions.
- Additional salary turnover achieved against the budget to date. A virement of £170,700 from these savings is being recommended to Council for approval to part fund the Leisure contract variation. The budget required for the agreed pay award of 2.75% for 2020/21 has been calculated at £92,700 over the 2% budget provision already provided in 2020/21 and this can be funded from overachieved salary turnover savings in year. The recurring pressure is being considered as part of the 2021/22 budget process.
- A balance of £66,800 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 September 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	46,479	46,479
Covid-19 Related	B7	0	533,000	261,110	(840,114)	(1,101,224)
Covid-19 Grants	B7	0	0	0	(2,054,075)	(2,054,075)
<b>Total Exceptional Items</b>		<b>0</b>	<b>533,000</b>	<b>261,110</b>	<b>(2,847,710)</b>	<b>(3,108,820)</b>
<b>Transfer to/(from) Reserves</b>						
General Fund Reserve		0	(533,000)			
<b>Total Transfer to/(from Reserves)</b>		<b>0</b>	<b>(533,000)</b>			

2.7 Further details for this 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 September 2020 of savings achieved against the budget savings targets to date.

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Inflation savings	100,000	33,200	66,800
<b>Net Recurring position 2020/21</b>	<b>100,000</b>	<b>33,200</b>	<b>66,800</b>
To be found from 2021/22 onwards	1,000,000	0	1,000,000
<b>Total Net Recurring position 2021/22</b>	<b>1,100,000</b>	<b>33,200</b>	<b>1,066,800</b>

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 on Council's budgetary position. Government emergency funding and the co-payment funding mechanism for loss of income on sales, fees and charges are discussed in more detail at paragraph 4.

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 has allocated emergency funding of approximately £4.7bn to local authorities to meet pressures across council services, as a result of reduced income, rising costs or increased demand.

4.1.2 The Council received £58,738 on 27<sup>th</sup> March from tranche 1 (£1.6bn), £1,073,801 on 14<sup>th</sup> May from tranche 2 (£1.6bn), £196,335 on 3<sup>rd</sup> August from tranche 3 (£0.5bn) and has recently announced the tranche 4 allocations (22<sup>nd</sup> October 2020) with the Council being allocated £478,254. This amounts to **£1,807,128** in total, which will be allocated across affected services.

4.1.3 A separate co-payment mechanism is also in place in respect of irrecoverable Sales, Fees and Charges (SFC) income, with the Government covering 75% of losses beyond 5% of planned income. The Council has recently submitted the first claim for compensation for the loss of Sales Fees and Charges which will result in a payment of approximately £225,000 covering the period to the end of July (this compensation payment is not included in the figures presented in this report).

However, 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 2<sup>nd</sup> October 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 6 months April to September 2020 as a total potential gross cost to the Council of £2,574,334; however, once additional income and cost savings in those affected areas are taken into account, the actual losses reduce to £2,343,951, some of which are explained in the table at 2.3 above. This cost will be partially funded by the emergency funding received from Central Government, sales fees and charges compensation as outlined above, and general fund reserves released to support the costs associated with the pandemic.

- 4.1.5 The full-year impact for 2020/21 is continuously monitored with initial estimates indicating a potential annual cost of up to £3.9million. When compared to the emergency funding received to date, the estimated SFC compensation and use of our General Fund Reserve, there may still be a shortfall of between £500,000 and £900,000. This does not reflect the impact on the Collection Fund for which the Government is providing a 3-year deficit recovery period.

#### 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 (RD34/20) 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 Further funding has been allocated to the Council to provide support to those individuals who have been advised by NHS Test and Trace to self-isolate. A £500 payment will be made to those individuals who are self-isolating either because they have tested positive for coronavirus or they have been in close contact with someone who has tested positive. Certain eligibility criteria must be met to qualify for the payment and there is also a discretionary fund for cases where not all the criteria have been fulfilled. The Council has been allocated approximately £100,000 to fund the main scheme, the discretionary scheme and any associated administration costs.
- 4.2.7 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 compared to the initial estimates submitted in January are shown in **Appendix D**. The figures to the end of September have not yet been completed.

The figures show that based on the position at the end of June, the Council may receive an extra £367,747 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 Sep 2020	Note
Investments	£29.71m	£20.18m	(i)
Loans	£28.78m	£13.54m	(ii)
Debtors System	£1.67m	£1.98m	(iii)
Creditors System	£0.00m	£0.24m	

- (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 September 2020 is currently 2.30%, well below the 5% limit.

## 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 £193,583.86 have been written off during Quarter 2 to the end of September 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	2,086.44
Council Tax (Collection Fund)	24,955.08
NNDR	166,542.34
<b>Total Write-offs</b>	<b>193,583.86</b>

- 7.2 The "write-ons" itemised in Table 2 in **Appendix E**, totalling £4,141.07, are in respect of balances originally written off that have since been paid. The write-ons will be credited as follows:

	£
General Fund	0.00
Council Tax (Collection Fund)	3,895.63
NNDR	245.44
<b>Total Write-ons</b>	<b>4,141.07</b>

- 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 1 December 2020.

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

- 10.1 The Executive is asked to:
  - (i) Note the budgetary performance position of the Council to September 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.

## **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 second quarter of 2020/21 shows the delivery of these priorities within budget.

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**Appendices attached to report:** A, B1 to B7, C to E.



**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 SEPTEMBER 2020

Date	Virement Details	Recurring/ Non-recurring	Value	Authorised By
<b>Requested by Officers (under £35,000 or delegated authority)</b>				
22/09/2020	Release of funding from Revenue Grant Reserve for Supporting People	Non-recurring	2,900	Corporate Director of Finance and Resources
06/08/2020 & 22/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Rapid Rehousing Pathway	Non-recurring	34,200	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Flexible Homelessness Support & Prevention	Non-recurring	13,300	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020	Release of funding from Revenue Grant Reserve for Gas Safe	Non-recurring	1,800	Corporate Director of Finance and Resources
04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Community Neighbours	Non-recurring	2,400	Corporate Director of Finance and Resources
06/08/2020 & 04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for St Cuthbert's Garden Village	Non-recurring	104,800	Corporate Director of Finance and Resources
04/09/2020	Release of funding from Revenue Grant Reserve for Future High Streets Fund	Non-recurring	54,000	Corporate Director of Finance and Resources
04/09/2020 & 08/10/2020	Release of funding from Revenue Grant Reserve for Town's Deal	Non-recurring	23,000	Corporate Director of Finance and Resources
08/10/2020	Release of funding from Revenue Grant Reserve from New Burdens Grants	Non-recurring	8,000	Corporate Director of Finance and Resources
08/10/2020	Release of funding from Revenue Grant Reserve for Self Build Grants	Non-recurring	40,000	Corporate Director of Finance and Resources
<b>Approved by Executive (£35,000 to £70,000 or delegated authority)</b>				
<b>Approved by Council (over £70,000)</b>				

## REVENUE BUDGET MONITORING 2020/21

COMMUNITY SERVICES	Gross Expenditure	Gross Income	Recharges	Total
Position as at 30 September 2020	£	£	£	£
Annual Budget	18,360,700	(5,399,200)	(2,819,300)	<b>10,142,200</b>
Budget to date	8,381,186	(2,684,457)	(1,628,324)	<b>4,068,405</b>
Total Actual	8,291,613	(2,280,102)	(1,550,615)	<b>4,460,896</b>
<b>Variance</b>	<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Car Parking	1	(41,823)	413,221	40	<b>371,439</b>
Bereavement Services	2	(16,708)	(119,062)	56	<b>(135,714)</b>
Destination Management	3	(46,965)	72,887	16	<b>25,938</b>
Garage Services	4	(48,426)	1,912	88,577	<b>42,064</b>
Healthy Cities	5	202,264	37,070	0	<b>239,334</b>
Other Green Spaces	6	(41,157)	57,694	54	<b>16,591</b>
Recycling and Waste Services	7	(31,827)	(89,434)	(4,765)	<b>(126,027)</b>
Miscellaneous	8	(64,932)	30,067	(6,269)	<b>(41,134)</b>
<b>Total Variance to date</b>		<b>(89,573)</b>	<b>404,355</b>	<b>77,709</b>	<b>392,491</b>

Note	Community Services - Comments
1.	Various minor underspends including premises related costs; Shortfall in ticket income, contract income and penalty charge notice income.
2.	Various minor underspends; increased cremation fee income.
3.	Underspend on purchase of tickets and goods for resale; shortfall in income from ticket sales and sale of goods.
4.	Various minor underspends including employee related expenses; shortfall in trading income.
5.	An overspend on the Leisure contract due to a variation to contract; underspend on supplies and services and Artist fees at the Art centre, offset by shortfall in income due to site being closed as a result of Covid-19 restrictions.
6.	Savings on supplies and services offset by shortfall in income received due to sites being closed as a result of the Covid-19 restrictions.
7.	Underspends on transport costs; surplus income from Plastic and Card recycling.
8.	Minor underspends, shortfall in income and increased 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 September 2020	£	£	£	£
Annual Budget	6,622,200	(1,451,000)	(3,551,900)	<b>1,619,300</b>
Budget to date	3,422,242	(1,103,162)	(1,776,662)	<b>542,418</b>
Total Actual	3,283,324	(953,347)	(1,776,125)	<b>553,852</b>
<b>Variance</b>	<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Revenues and Benefits	1	(116,845)	117,063	79	<b>298</b>
Miscellaneous	2	(22,073)	32,752	458	<b>11,136</b>
<b>Total Variance to date</b>		<b>(138,918)</b>	<b>149,815</b>	<b>537</b>	<b>11,434</b>

Note	Corporate Support - Comments
1.	Underspends on employee related and supplies and services; additional grants received 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 September 2020	£	£	£	£
Annual Budget	3,715,100	(1,027,600)	(493,800)	<b>2,193,700</b>
Budget to date	1,851,731	(551,345)	(247,002)	<b>1,053,384</b>
Total Actual	1,872,232	(458,877)	(246,900)	<b>1,166,455</b>
<b>Variance</b>	<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Regeneration	1	58,436	(14,538)	0	<b>43,898</b>
Development Control	2	(7,037)	59,297	0	<b>52,260</b>
Building Control	3	(15,947)	51,673	0	<b>35,725</b>
Miscellaneous	4	(14,951)	(3,964)	102	<b>(18,812)</b>
<b>Total Variance to date</b>		<b>20,501</b>	<b>92,468</b>	<b>102</b>	<b>113,071</b>

Note	Economic Development - Comments
1.	Overspend on monthly running costs of Business Interaction Centre which do not have budgets identified; increase in income.
2.	Underspend on advertising; shortfall in fee income received.
3.	Underspend on employee related salary expenditure; shortfall in fee income received.
4.	Minor underspends and increased 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 September 2020	£	£	£	£
Annual Budget	26,309,300	(21,607,300)	(3,323,800)	<b>1,378,200</b>
Budget to date	12,844,202	(8,994,337)	(2,009,405)	<b>1,840,460</b>
Total Actual	12,054,312	(9,047,664)	(2,008,902)	<b>997,746</b>
<b>Variance</b>	<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Treasury and Debt Management	1	(782,178)	(53,702)	0	<b>(835,880)</b>
Miscellaneous	2	(7,712)	375	503	<b>(6,834)</b>
<b>Total Variance to date</b>		<b>(789,890)</b>	<b>(53,327)</b>	<b>503</b>	<b>(842,714)</b>

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 shortfall in 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 September 2020	£	£	£	£
Annual Budget	11,287,600	(5,872,200)	(3,620,000)	<b>1,795,400</b>
Budget to date	5,957,243	(3,154,154)	(1,810,683)	<b>992,406</b>
Total Actual	5,680,088	(2,846,621)	(1,745,159)	<b>1,088,308</b>
<b>Variance</b>	<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Buildings & Facilities Services	1	(97,469)	(27,931)	65,354	<b>(60,046)</b>
Other Rental Properties	2	12,228	182,594	0	<b>194,822</b>
Homeless Accommodation	3	(18,288)	143,006	0	<b>124,718</b>
Electoral Services	4	(52,601)	752	11	<b>(51,839)</b>
Regulatory Services	5	(43,088)	(14,540)	(194)	<b>(57,823)</b>
Miscellaneous	6	(77,937)	23,654	353	<b>(53,930)</b>
<b>Total Variance to date</b>		<b>(277,155)</b>	<b>307,533</b>	<b>65,524</b>	<b>95,902</b>

Note	Governance & Regulatory Services - Comments
1.	Underspend on premises expenditure (including Civic Centre); additional rental income received; 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.	Underspend on election costs as a result of the cancellation of the May 2020 elections due to Covid-19 restrictions.
5.	Underspends on supplies and services; Additional licence income and agency fee income received.
6.	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 September 2020	£	£	£	£
Annual Budget	1,546,600	(1,676,000)	0	(129,400)
Budget to date	484,859	(838,000)	0	(353,141)
Total Actual	252,234	(839,526)	0	(587,292)
<b>Variance</b>	<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Other Financial Costs	1	(240,040)	(1,526)	0	(241,566)
Miscellaneous	2	7,415	0	0	7,415
<b>Total Variance to date</b>		<b>(232,625)</b>	<b>(1,526)</b>	<b>0</b>	<b>(234,151)</b>

Note	Corporate Management - Comments
1.	Improvements in savings for Salary Turnover (£306,090) and shortfall in inflation savings to be found (£66,800).
2.	Minor overspends across other services within the Directorate.

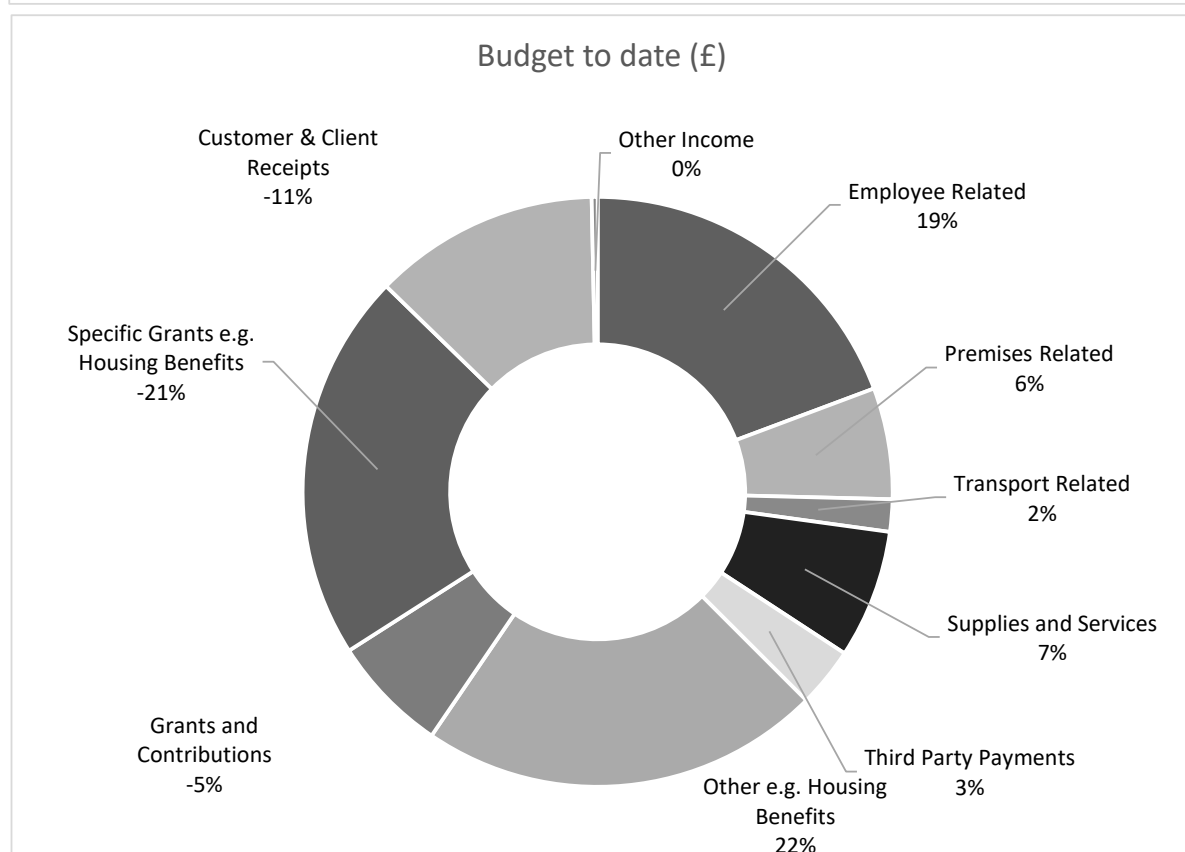
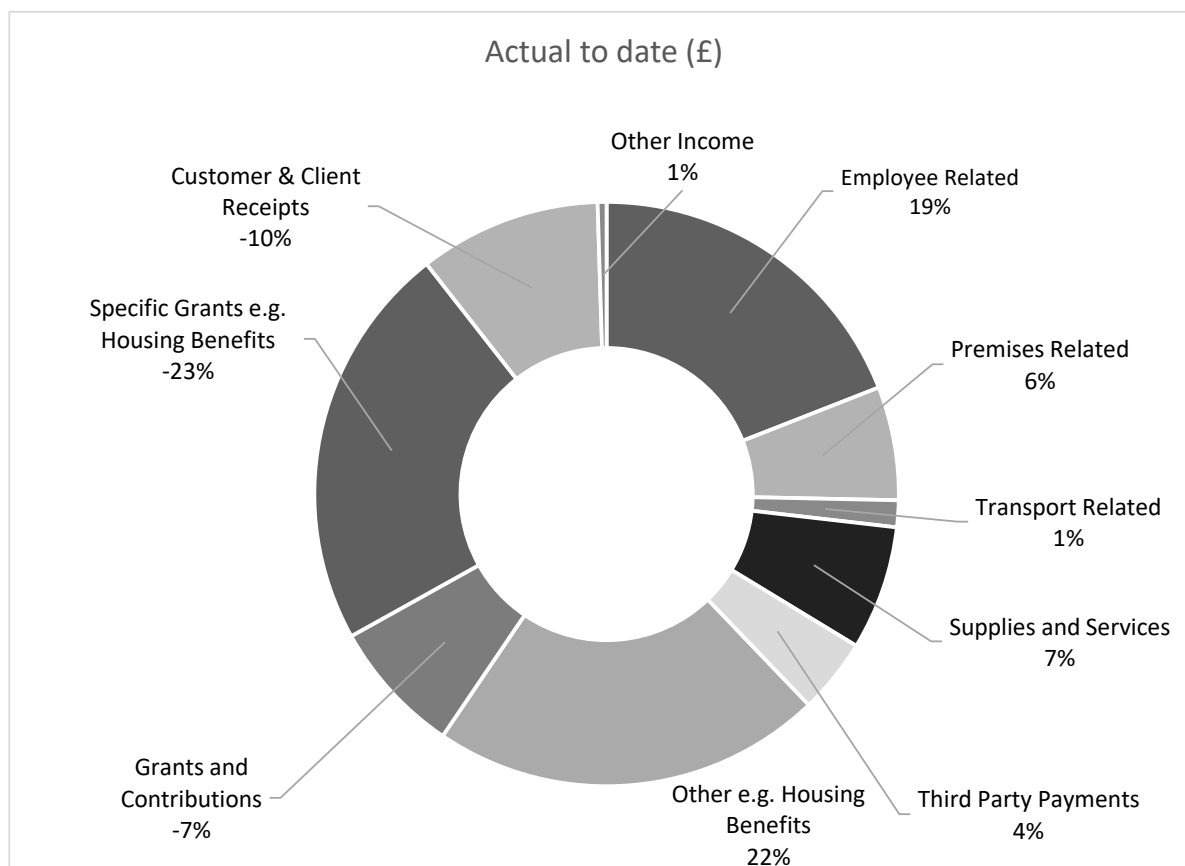


## REVENUE BUDGET MONITORING 2020/21

EXCEPTIONAL ITEMS	Gross Expenditure	Gross Income	Recharges	Adjusted Total
Position as at 30 September 2020	£	£	£	£
Annual Budget	30,576,000	(30,043,000)	0	<b>533,000</b>
Budget to date	30,304,110	(30,043,000)	0	<b>261,110</b>
Total Actual	28,624,426	(31,472,136)	0	<b>(2,847,710)</b>
<b>Variance</b>	<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>
<b>Carry Forwards/Reserves &amp; Provisions</b>				<b>0</b>
<b>Adjusted Variance</b>	<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>

Analysis of Variances		Expenditure Variance	Income Variance	Recharges Variance	Adjusted Variance
Service	Note	£	£	£	£
Corona Virus	1	327,912	(1,429,136)	0	<b>(1,101,224)</b>
Corona Virus - Grants	2	(2,054,075)	0	0	<b>(2,054,075)</b>
Flood Recovery	3	46,479	0	0	<b>46,479</b>
<b>Total Variance to date</b>		<b>(1,679,684)</b>	<b>(1,429,136)</b>	<b>0</b>	<b>(3,108,820)</b>

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) which is subject to a reconciliation process and repayment.
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	2020/21 NNDR1	2020/21 NNDR1 (Updated)	2020/21 Q1
Local Share of Income (Per NNDR1)	(16,465,732)	(17,018,157)	(8,319,260)	(8,119,691)
Renewables (Per NNDR1)	(355,377)	(376,067)	(376,067)	(370,555)
Renewables Bfwd (NNDR3 Previous Year)	(54,492)	4,686	4,686	4,686
Enterprise Zone (Per NNDR1)	(163,714)	(297,594)	(297,594)	(297,594)
Tariff (Per Final Settlement)	12,367,342	12,568,847	12,568,847	12,568,847
Section 31 Grants (reimbursement of funded reliefs)	(1,898,342)	(1,986,378)	(11,209,834)	(10,847,378)
Section 31 Grants (Flooding)	15,318	0	0	
Estimated Collection Fund Deficit per NNDR1	(180,188)	216,038	216,038	216,038
Levy Account Surplus	(11,118)	0	0	
Levy Payable to Pool	1,043,367	1,346,178	1,287,081	1,407,000
Pool Redistribution	(616,000)	(732,000)	(732,000)	(798,000)
<b>Total Income</b>	<b>(6,318,936)</b>	<b>(6,274,447)</b>	<b>(6,858,103)</b>	<b>(6,236,647)</b>
<b>Budget</b>				
Baseline Funding	(3,388,600)	(3,468,900)	(3,468,900)	(3,468,900)
Additional Rates Income - Pooling/Growth	(2,484,300)	(2,400,000)	(2,400,000)	(2,400,000)
<b>Total Budget</b>	<b>(5,872,900)</b>	<b>(5,868,900)</b>	<b>(5,868,900)</b>	<b>(5,868,900)</b>
<b>Additional Income retained</b>	<b>(446,036)</b>	<b>(405,547)</b>	<b>(989,203)</b>	<b>(367,747)</b>

**BAD DEBT PROVISION**

TABLE 1		Write-Offs September 2020		
Type of Debt	No.	£	Comments	
NNDR (General)	52	166,542.34	01/07/20 to 30/09/20	
Council Tax	41	24,955.08	01/07/20 to 30/09/20	
Debtors:				
Private Tenants	0	0.00	01/07/20 to 30/09/20	
Housing Benefit Overpayments	4	1,997.56	01/07/20 to 30/09/20	
General Fund	7	13.88	01/07/20 to 30/09/20	
Penalty Charge Notices:				
On Street	0	0.00	01/07/20 to 30/09/20	
Off Street	1	75.00	01/07/20 to 30/09/20	
TOTAL	105	193,583.86		
TABLE 2		Write-Ons September 2020		
Type of Debt		£	Comments	
NNDR (General)	6	245.44	01/07/20 to 30/09/20	
Council Tax	18	3,895.63	01/07/20 to 30/09/20	
Debtors:				
Private Tenants	0	0.00	01/07/20 to 30/09/20	
Housing Benefit Overpayments	0	0.00	01/07/20 to 30/09/20	
General Fund	0	0.00	01/07/20 to 30/09/20	
TOTAL	24	4,141.07		

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 9 NOVEMBER 2020**

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**EX.135/20    REVENUE BUDGET OVERVIEW AND MONITORING REPORT: APRIL  
TO SEPTEMBER 2020**  
(Non Key Decision)

**Portfolio**     Finance, Governance and Resources

**Relevant Scrutiny Panel**            Business and Transformation

### **Subject Matter**

The Deputy Leader submitted report RD.36/20 providing an overview of the Council's overall budgetary position for the period April to September 2020 for revenue schemes only, and details of the impact of COVID-19 on the revenue budget. Also included were details of balance sheet management issues; bad debts written off in the period; and progress against the budget savings.

Set out at paragraph 2.2 was the updated Budget figure for 2020/21 of £17,687,600 together with the summarised budgetary position as at September 2020; the main variances were as summarised at paragraph 2.4; with the table at paragraph 2.6 providing a summary position of the income and expenditure within exceptional items. Also itemised in the table at paragraph 2.8 was the position as at September 2020 of savings achieved against the budget savings targets to date.

The Council's financial position, which was affected by a number of external factors which had a financial impact during the course of the year and ultimately at the year end, would continue to be closely monitored and reported more fully in a future monitoring report. It would be important to maintain a prudent approach so as to ensure a sustainable budget position for future years to avoid any significant variance at the year end.

Information on the main variances in the Directorates' Budgets; the forecast outturn position for 2020/21; and impact of COVID-19 was provided. On the issue of balance sheet management, there may be a significant impact on the cash flow of the Council if outstanding debts were not received. Any debts deemed to be irrecoverable were written off against a bad debt provision set up specifically for that purpose. Other significant debts related to Council Tax, NNDR and Housing Benefit overpayments.

The Council's VAT partial exemption calculation for the period ending September 2020 was currently 2.30%, well below the 5% limit.

The Deputy Leader concluded by moving the recommendations, which were seconded by the Leader.

**Summary of options rejected**    none

## **DECISION**

That the Executive:

- (i)      Noted the budgetary performance position of the Council to September 2020;
- (ii)     Noted the action by the Corporate Director of Finance and Resources to write-off bad debts as detailed in paragraph 6;
- (iii)    Noted the release of reserves as set out in the table at paragraph 2.2, and noted the virements approved as detailed in Appendix A.

## **Reasons for Decision**

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

# Report to Business & Transformation Scrutiny Panel

Agenda  
Item:

Meeting Date: 1 December 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 SEPTEMBER 2020  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 37/20

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to September 2020 which was considered by the Executive on 9 November 2020.

## Questions for / input required from Scrutiny:

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

## Recommendations:

Members of the Business & Transformation Scrutiny panel are asked to scrutinise the overall budgetary position for the period April to September 2020.

## Tracking

Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
Council:	<b>n/a</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 9 November 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 SEPTEMBER 2020  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 37/20

## Purpose / Summary:

This report provides an overview of the budgetary position of the City Council's capital programme for the period April to September 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 September 2020;
- (ii) Note adjustments to the 2020/21 capital programme as detailed in paragraph 2.1.

## Tracking

Executive:	<b>9 November 2020</b>
Scrutiny:	<b>1 December 2020</b>
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:

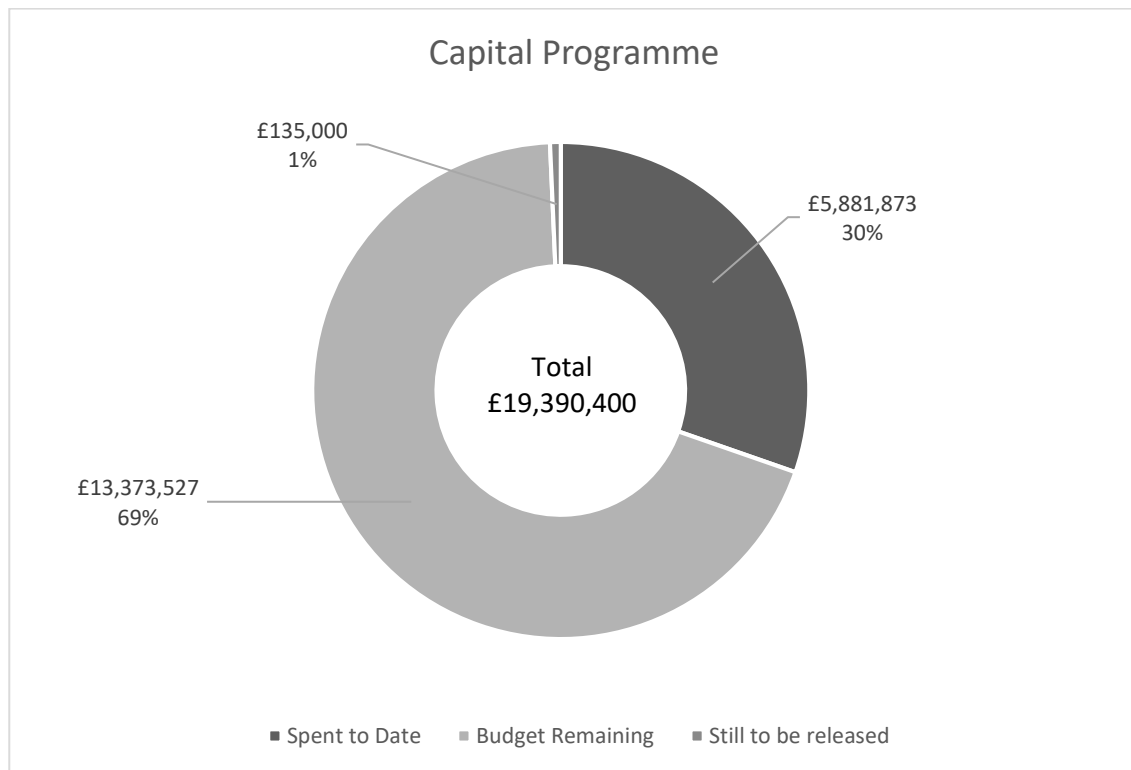
<b>2020/21 Capital Budget</b>	<b>£</b>
<b>2020/21 Capital Programme (RD14/20 Council 14/07/20)</b>	<b>29,915,800</b>
Virement from Planned Improvements of Council Properties to Civic	(20,000)
Grant received for Rough Sleeping Initiative (OD.65/20)	50,000
Reprofiling of Budget for Sands Centre (CS28/20 Council 13/10/2020)	(10,644,100)
S106 contribution towards Affordable Housing (OD.90/20)	50,700
S106 contribution towards Play Area Improvements (OD.84/20)	8,000
External Grant towards Play Area Improvements (OD.84/20)	30,000
<b>Revised 2020/21 Capital Programme (at Sep 2020)</b>	<b>19,390,400</b>
Less Capital Reserves to be released by Executive (see para 3.9)	(135,000)
<b>Revised 2020/21 Capital Programme (released)</b>	<b>19,255,400</b>

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 September 2020 can be summarised as follows:

<b>Directorate</b>	<b>Revised Annual Budget £</b>	<b>Budget to Date £</b>	<b>Spend to date £</b>	<b>Variance to date £</b>	<b>Para. Ref.</b>
Community Services	10,569,900	2,105,847	2,105,767	(80)	3.3
Corporate Support	311,000	69,356	69,354	(2)	3.4
Economic Development	213,000	12,300	14,940	2,640	3.5
Governance & Regulatory Services	8,139,600	4,393,920	3,679,692	(714,228)	3.6
<b>Total</b>	<b>19,233,500</b>	<b>6,581,423</b>	<b>5,869,753</b>	<b>(711,670)</b>	
Exceptional Items	21,900	14,700	12,120	(2,580)	3.7
<b>Total</b>	<b>19,255,400</b>	<b>6,596,123</b>	<b>5,881,873</b>	<b>(714,250)</b>	
Reserves to be released	135,000	0	0	0	3.9
<b>Total</b>	<b>19,390,400</b>	<b>6,596,123</b>	<b>5,881,873</b>	<b>(714,250)</b>	



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 September, expenditure of £5,881,873 has been incurred on the Council's core capital programme. When considered against the profiled budget of £6,596,123 this equates to an underspend of £714,250.
- 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 £702,295 on Disabled Facilities Grants. Spend to the end of the second quarter of 2020/21 was £730,582 which is less than the expenditure for the same period in 2019/20 (£1,098,488). The expenditure is less due to only essential grants being offered over the lock down period and contractors being furloughed at this time.

Grant work is now picking up and the DFG teams in Housing and Pollution and Homelife are very busy. It is anticipated that there will be some carry forward into a future year but it is expected that the full annual allocation of £1.8m funding will be spent by the year end. 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 £19,255,400 is £13,373,527. A review of the 2020/21 capital programme will be undertaken to identify accurate project profiles for the remainder of the financial year, any potential slippage into future years and any financial impact COVID-19 may have on the capital budget in terms of spend and completion dates.
- 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
Skew Bridge Deck	70,000
<b>Total</b>	<b>135,000</b>

#### 4. FINANCING

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

	Annual Budget £	Current Programme £
<b>Total Programme to be financed (para 2.1)</b>	<b>19,390,400</b>	<b>19,255,400</b>
<u>Financed by:</u>		
Capital Receipts / Borrowing	11,727,200	11,592,200
Capital Grants		
• Disabled Facilities Grant	1,899,800	1,899,800
• General	2,336,900	2,336,900
Direct Revenue Financing	3,223,100	3,223,100
Other Contributions	203,400	203,400
Earmarked Reserves	0	0
<b>Total Financing</b>	<b>19,390,400</b>	<b>19,255,400</b>

## 5. CAPITAL RESOURCES

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

	2020/21 Annual Budget £	2020/21 Revised Budget £	2020/21 Actual £	2020/21 Not yet received £	Note
Capital Receipts					
· General	(180,000)	(180,000)	(180,000)	0	1
· Asset Review	(1,898,000)	(1,208,000)	(5,000)	1,203,000	1
· Vehicle Sales	0	0	(27,850)	(27,850)	2
Capital Grants					3
· Disabled Facilities Grant	(1,899,800)	(1,899,800)	(1,899,764)	36	
· Sands Centre	(2,000,000)	(2,134,000)	0	2,134,000	
· On Street Charging	(203,700)	(203,700)	(7,747)	195,953	
· General	(110,000)	(110,000)	(80,000)	30,000	
Capital Contributions					4
· Section 106	(155,400)	(155,400)	(87,730)	67,670	
· Disabled Facilities Grants	0	0	(10,989)	(10,989)	
· Sands Centre	(48,000)	(48,000)	(48,047)	(47)	
<b>Total</b>	<b>(6,494,900)</b>	<b>(5,938,900)</b>	<b>(2,347,127)</b>	<b>3,591,773</b>	

Notes:

1. Receipts for 2020/21 are anticipated to be received from asset review sales (£1,208,000) and general sales (£180,000). The asset review receipts have been revised downwards and reprofiled into future years in line with the current Asset Disposal Plan receipts which are considered as part of the budget reports elsewhere on this agenda (RD33/20). 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 £27,850 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. The anticipated grant for the Sands Centre has been updated based on the revised capital programme considered elsewhere on this agenda (RD33/20).
4. Contributions from Section 106 agreements to Open Space Improvements (£80,700), Play Area Developments (£24,000) and Affordable Homes (£50,700).

## **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 September 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 September 2020 totalled £208,319.34 (£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 £135,000 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 1 December 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 September 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 £
<b><u>Current non-recurring commitments</u></b>					
Sands Centre Redevelopment	10,962,200	5,037,800	679,300	(10,644,100)	6,035,200
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	38,000	85,800
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
LED Footway Lighting Installation	203,100	0	0	11,700	214,800
Rough Sleeping Initiative	0	0	0	50,000	50,000
Affordable Housing	0	0	0	50,700	50,700
	<b>11,369,000</b>	<b>10,037,800</b>	<b>1,019,600</b>	<b>(8,312,300)</b>	<b>14,114,100</b>
<b><u>Recurring commitments</u></b>					
Planned Enhancements to Council Property	250,000	0	146,800	(31,700)	365,100
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
	<b>1,224,300</b>	<b>0</b>	<b>1,060,900</b>	<b>(31,700)</b>	<b>2,253,500</b>
<b><u>Disabled Facilities Grants</u></b>					
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
	<b>1,467,300</b>	<b>500,000</b>	<b>488,000</b>	<b>432,500</b>	<b>2,887,800</b>
<b>TOTAL</b>	<b>14,060,600</b>	<b>10,537,800</b>	<b>2,568,500</b>	<b>(7,911,500)</b>	<b>19,255,400</b>
<b><u>Capital Reserves to be released</u></b>					
Cemetery Infrastructure	30,000	0	0	0	30,000
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
	<b>100,000</b>	<b>415,000</b>	<b>0</b>	<b>(380,000)</b>	<b>135,000</b>
<b>REVISED TOTAL</b>	<b>14,160,600</b>	<b>10,952,800</b>	<b>2,568,500</b>	<b>(8,291,500)</b>	<b>19,390,400</b>

**COMMUNITY SERVICES**

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Vehicles & Plant	1,532,400	337,900	328,124	(9,776)	Replacement of vehicles to date is within the allocated budgets.
Cemetery Infrastructure	5,700	1,902	0	(1,902)	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	78,913	73,713	(5,200)	Project progressing as planned with advanced works currently underway.
Play Area Developments	85,800	47,800	47,750	(50)	Works complete at Carlol Drive Play Area which were delayed due to Covid-19 restrictions.
Open Space Improvements	80,700	75,252	71,774	(3,478)	Fully funded by Section 106 monies.
Sands Centre Redevelopment	6,035,200	1,541,569	1,545,526	3,957	Capital expenditure for the enhancement work to Leisure Facilities. Progress is being monitored and a revised expenditure profile has been implemented to take account of delays as a result of Covid-19 restrictions.
Waste Minimisation	45,000	22,511	37,380	14,869	Purchase of waste receptacles are underspent against the profiled budget to date.
Skew Bridge Deck	0	0	1,500	1,500	Budget earmarked towards this scheme as part of the 2020/21 budget process subject to further reports to the Executive pending release of the funding.
<b>Grand Total</b>	<b>10,569,900</b>	<b>2,105,847</b>	<b>2,105,767</b>	<b>(80)</b>	

**SEPTEMBER 2020 - CAPITAL BUDGET MONITORING****APPENDIX C****CORPORATE SUPPORT**

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
ICT Infrastructure	311,000	69,356	69,354	(2)	Part of ICT Strategy Business Case.
<b>Grand Total</b>	<b>311,000</b>	<b>69,356</b>	<b>69,354</b>	<b>(2)</b>	

**ECONOMIC DEVELOPMENT**

Scheme	Revised Annual Budget £	Budget to date £	Expenditure to date £	Variance to date £	Details of major variance
Central Plaza	12,300	12,300	14,940	2,640	Budget required to fund remaining costs of emergency works at Central Plaza.
Planning Software	150,000	0	0	0	Project yet to start.
Affordable Housing	50,700	0	0	0	S106 funding towards provision of Affordable Homes.
<b>Grand Total</b>	<b>213,000</b>	<b>12,300</b>	<b>14,940</b>	<b>2,640</b>	

**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	365,100	42,612	43,598	986	Individual projects progressing as planned.
Rough Sleeping Initiative	50,000	18,100	7,500	(10,600)	Capital grant received from MHCLG for the development of the Rough Sleeping Initiative.
Gateway 44	4,621,900	2,877,130	2,877,811	681	Development and Improvement costs associated with the Junction 44 development.
Disabled Facilities Grants	2,864,600	1,432,878	730,583	(702,295)	Mandatory Grants. Only essential grants were offered over the lock down period. Grant work is now picking up and the position is being closely monitored.
Empty Property Grants	23,200	23,200	20,200	(3,000)	Discretionary grants to assist getting empty properties back into use.
LED Footway Lighting Installation	214,800	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.
<b>Grand Total</b>	<b>8,139,600</b>	<b>4,393,920</b>	<b>3,679,692</b>	<b>(714,228)</b>	

**SEPTEMBER 2020 - CAPITAL BUDGET MONITORING****APPENDIX F****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	14,700	12,120	(2,580)	Budget carried forward in relation to approved expenditure on the reinstatement of Bitts Park.
<b>Grand Total</b>	<b>21,900</b>	<b>14,700</b>	<b>12,120</b>	<b>(2,580)</b>	

## 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.

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## **EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 9 NOVEMBER 2020**

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**EX.136/20    CAPITAL BUDGET OVERVIEW AND MONITORING REPORT – APRIL  
TO SEPTEMBER 2020**  
(Non Key Decision)

**Portfolio**     Finance, Governance and Resources

**Relevant Scrutiny Panel**             Business and Transformation

### **Subject Matter**

The Deputy Leader submitted report RD.37/20 providing an overview of the budgetary position of the City Council's capital programme for the period April to September 2020. Detailed therein were the capital budget overview; the overall budget position for the various Directorates; the monitoring and control of expenditure against budget allocations and the exercise of virement.

As at the end of September, expenditure of £5,881,873 had been incurred on the Council's core capital programme. When considered against the profiled budget of £6,596,123 that equated to an underspend of £714,250. The unspent balance remaining of the revised annual budget of £19,255,400 was £13,373,527. A review of the 2020/21 capital programme would be undertaken to identify accurate project profiles for the remainder of the financial year, any potential slippage into future years and any financial impact of COVID-19 may have on the capital budget in terms of spend and completion dates.

In addition, paragraph 3.9 recorded that a number of schemes were included in the capital programme for 2020/21 which required reports to be presented to the Executive for the release of funding before the project could go ahead.

The 2020/21 programme had been kept to a level that took account of the Council's ability to deliver schemes with regard to capacity and available resources. Work was ongoing to continue to monitor the profiling of budgets, and those were adjusted to reflect progress in current capital schemes. It was likely that there would still be a requirement for some carry forwards at the year end due to further slippage and delays on projects. Budgets now totalling £135,000 were being held in reserves until approved by Executive for release.

The Deputy Leader then moved the recommendations set out in the report, which were seconded by the Leader.

**Summary of options rejected**    none



## **DECISION**

That the Executive:

- (i) Noted and had commented on the budgetary position and performance aspects of the capital programme for the period April to September 2020.
- (ii) Noted adjustments to the 2020/21 capital programme as detailed in paragraph 2.1.

## **Reasons for Decision**

To inform the Executive of the Council's actual financial position opposite its Capital programme for 2020/21



# Report to Business & Transformation Scrutiny Panel

Agenda  
Item:  
**A.5**

Meeting Date: 1<sup>st</sup> December 2020  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework: Yes  
Public / Private: Public

Title: QUARTER 2 PERFORMANCE REPORT 2020/21  
Report of: Policy and Communications Manager  
Report Number: PC.29/20

## Purpose / Summary:

This report contains the Quarter 2 2020/21 performance against the current Service Standards and a summary of the Carlisle Plan 2016-19 actions as defined in the 'plan on a page'. Performance against the Panel's 2020/21 Key Performance Indicators (KPIs) are also included.

## Recommendations:

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

## Tracking

Executive:	14/12/20
Scrutiny:	Health and Wellbeing 19/11/20 Economic Growth 26/11/20 Business and Transformation 1/12/20
Council:	N/A

## **1. BACKGROUND**

This report contains the 2020/21 Quarter 2 performance against the Service Standards and a summary of the Carlisle Plan 2015-18 actions as defined in the 'plan on a page'. The Panel's Key Performance Indicators (KPIs) are also included as an appendix.

Service Standards are the measures judged to be the most important to our customers and therefore the mostly likely to influence the overall satisfaction with how the Council performs. The following pages contains the Council's performance against the Service Standards for this Panel.

The measures are predominately lagging indicators (looking back at performance) and cover a range of services. Some indicators naturally lend themselves to having a target or may have a national target set whilst with others, the aim is to improve year-on-year. Regularly monitoring the Council's performance helps to drive continuous improvement and protects against any financial or organisational issues by flagging up indicators that are off target. The measures can also be used for a variety of other purposes including: to evaluate, control, budget, motivate, promote, celebrate and learn. Performance management in this form is just one aspect of the Council's wider performance framework.

All three Scrutiny Panels have requested that Members are involved with the reviewing of the content of performance reports including setting of measures and targets. A Member working group will therefore be set up and run over the Winter months.

The updates against the actions in the Carlisle Plan are presented in Section 3. Only actions within the remit of the Panel are included in this report. The intention is to give the Panel a brief overview of the current position without duplicating the more detailed reporting that takes place within the Scrutiny agendas and Portfolio Holder reports.

### **Summary of KPIs and Service Standards:**

Service Standards – 2 'red', 0 'amber' and 3 'green'

KPIs – 2 'red', 1 'amber', 9 'green'

## Summary of Exceptions (RED)

Measure	Target	Performance
CSe14: Actual car parking revenue as a percentage of car parking expenditure	120.5%	51.2% Revenue £413k under target
CSu05 Percentage of NNDR collected	57%	50%
SS05: Proportion of corporate complaints dealt with on time	100%	90% Two late replies in Quarter 1 were due to resources reallocated to the Covid-19 response. One late complaint in Quarter 2 due to a complicated planning complaint that needed two stage 2 responses.
SS08: Proportion of official local authority searches completed on time	85%	16.5% Increased demand (by 52% in Quarter 2) and capacity issues brought on by the Covid-19 Pandemic have had a significant impact on the Service Standard.

## 2. PROPOSALS

None

## 3. RISKS

None

## 4. CONSULTATION

The report was reviewed by relevant senior management and will be considered at the other Scrutiny Panels.

## 5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Panel are asked to scrutinise the Quarter 2 Performance Report prior to it being submitted to Executive.

## 6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

Detail in the report.

**Contact Officer:** Gary Oliver

**Ext:** 7430

**Appendices attached to report:**

Performance Dashboard

**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** - This report raises no explicit legal issues.

**FINANCE** – This report raises no explicit financial issues

**EQUALITY** – This report raises no explicit issues relating to the Public Sector Equality Duty.

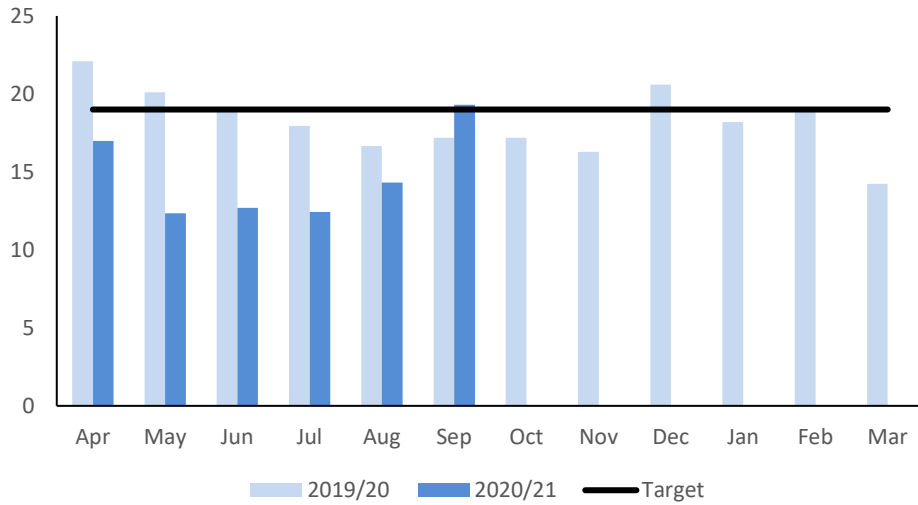
**INFORMATION GOVERNANCE** – This report raises no explicit issues relating to Information Governance.

## **Section 1: Service Standards 2020/21**

Service Standards were introduced in 2012 after consultation with Service Managers, DMTs, SMT and JMT. Five further measures were introduced from Quarter 2 2017/18 and all are reviewed during Quarter 3 each year. Service Standards are the measures judged to be the most important to our customers, therefore, the mostly likely to influence the overall satisfaction with how the Council performs.

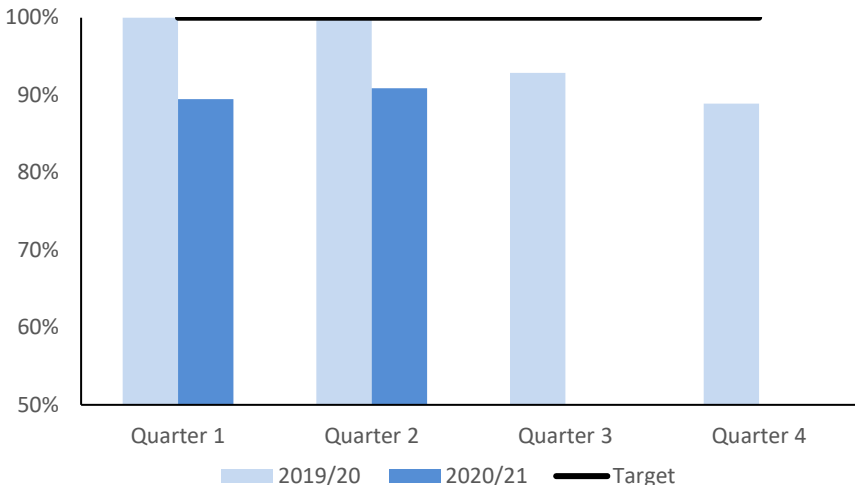
The following pages contains the Council's performance against the Service Standards within the Panel's remit.

SS04: Average number of working days to process new benefits claims

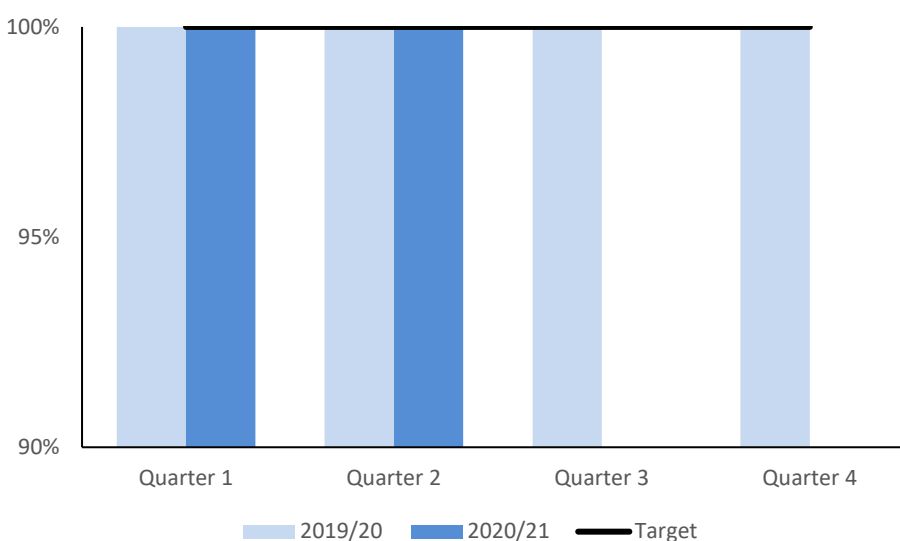
Service Standard	To end of Quarter 2 2020/21	Performance by Month	Further Information																																																				
New claims should be processed within 19 days to achieve top two quartiles compared to other local authorities	14.8 days  (Q2 2019/20: 18.8 days)	 <table><thead><tr><th>Month</th><th>2019/20</th><th>2020/21</th><th>Target</th></tr></thead><tbody><tr><td>Apr</td><td>22</td><td>17</td><td>19</td></tr><tr><td>May</td><td>20</td><td>12</td><td>19</td></tr><tr><td>Jun</td><td>19</td><td>12</td><td>19</td></tr><tr><td>Jul</td><td>18</td><td>12</td><td>19</td></tr><tr><td>Aug</td><td>17</td><td>14</td><td>19</td></tr><tr><td>Sep</td><td>17</td><td>19</td><td>19</td></tr><tr><td>Oct</td><td>17</td><td>-</td><td>19</td></tr><tr><td>Nov</td><td>16</td><td>-</td><td>19</td></tr><tr><td>Dec</td><td>21</td><td>-</td><td>19</td></tr><tr><td>Jan</td><td>18</td><td>-</td><td>19</td></tr><tr><td>Feb</td><td>19</td><td>-</td><td>19</td></tr><tr><td>Mar</td><td>14</td><td>-</td><td>19</td></tr></tbody></table>	Month	2019/20	2020/21	Target	Apr	22	17	19	May	20	12	19	Jun	19	12	19	Jul	18	12	19	Aug	17	14	19	Sep	17	19	19	Oct	17	-	19	Nov	16	-	19	Dec	21	-	19	Jan	18	-	19	Feb	19	-	19	Mar	14	-	19	21,568 new claims have been made in 2020/21 up to the end of September 2020. This is a 16% decrease on the same period last year.
	Month		2019/20	2020/21	Target																																																		
	Apr		22	17	19																																																		
May	20	12	19																																																				
Jun	19	12	19																																																				
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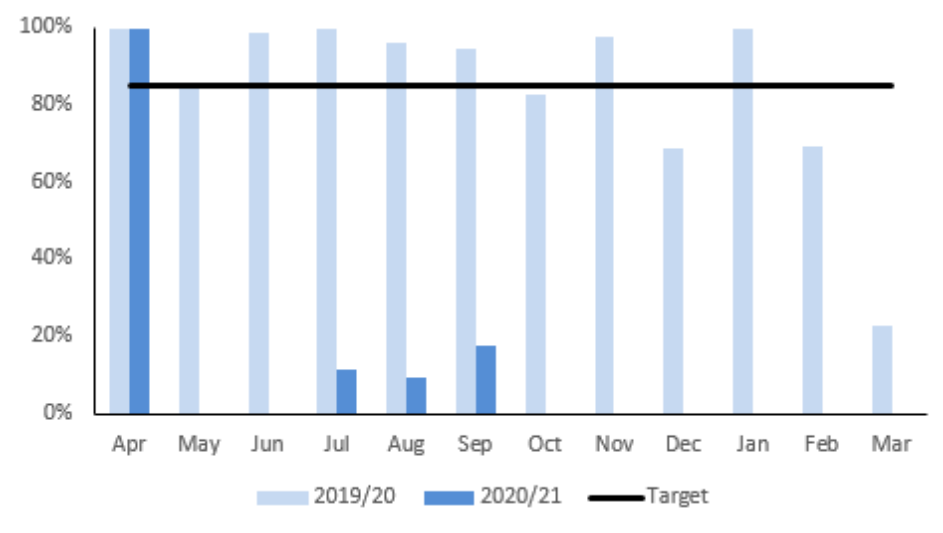
SS05: Proportion of corporate complaints dealt with on time

Service Standard	To end of Quarter 2 2020/21	Performance by Quarter	Further Information
Corporate complaints should be dealt with within 15 working days	90%	 <p>100% 90% 80% 70% 60% 50%</p> <p>Quarter 1 Quarter 2 Quarter 3 Quarter 4</p> <p>2019/20 2020/21 Target</p>	Two late replies in Quarter 1 were due to resources reallocated to the Covid-19 response. One late complaint in Quarter 2 due to a complicated planning complaint that needed two stage 2 responses.
	(Q2 2019/20: 100%)		
	On target?		
	✗		

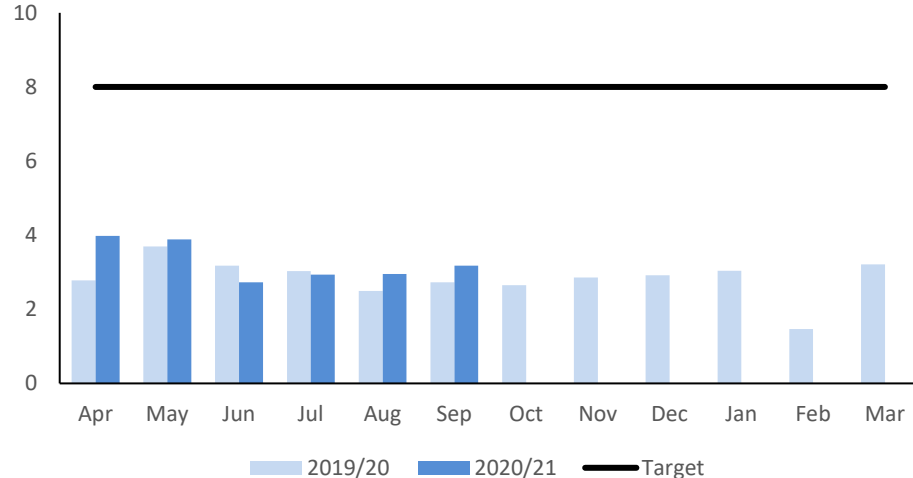
SS07: Proportion of non-contentious licence applications completed on time

Service Standard	To end of Quarter 2 2020/21	Performance by Quarter	Further Information
100% of non-contentious licence applications should be completed within 10 working days	100%	 <p>100%</p> <p>95%</p> <p>90%</p> <p>Quarter 1 Quarter 2 Quarter 3 Quarter 4</p> <p>2019/20 2020/21 Target</p>	350 out of 350 applications completed on time so far in 2020/21.
	(Q2 2019/20: 100%)		
	On target?		
	✓		

SS08: Proportion of official local authority searches completed on time

Service Standard	To end of Quarter 2 2020/21	Performance by Month	Further Information																																																				
85% of official local authority searches should be completed within 10 working days	16.5%	 <table><thead><tr><th>Month</th><th>2019/20 (%)</th><th>2020/21 (%)</th><th>Target (%)</th></tr></thead><tbody><tr><td>Apr</td><td>100</td><td>100</td><td>85</td></tr><tr><td>May</td><td>85</td><td></td><td>85</td></tr><tr><td>Jun</td><td>98</td><td></td><td>85</td></tr><tr><td>Jul</td><td>100</td><td>10</td><td>85</td></tr><tr><td>Aug</td><td>95</td><td>8</td><td>85</td></tr><tr><td>Sep</td><td>95</td><td>18</td><td>85</td></tr><tr><td>Oct</td><td>85</td><td></td><td>85</td></tr><tr><td>Nov</td><td>98</td><td></td><td>85</td></tr><tr><td>Dec</td><td>70</td><td></td><td>85</td></tr><tr><td>Jan</td><td>100</td><td></td><td>85</td></tr><tr><td>Feb</td><td>70</td><td></td><td>85</td></tr><tr><td>Mar</td><td>22</td><td></td><td>85</td></tr></tbody></table>	Month	2019/20 (%)	2020/21 (%)	Target (%)	Apr	100	100	85	May	85		85	Jun	98		85	Jul	100	10	85	Aug	95	8	85	Sep	95	18	85	Oct	85		85	Nov	98		85	Dec	70		85	Jan	100		85	Feb	70		85	Mar	22		85	Increased demand (by 52% in Quarter 2) and capacity issues brought on by the Covid-19 Pandemic have had a significant impact on the Service Standard.
	Month		2019/20 (%)	2020/21 (%)	Target (%)																																																		
	Apr		100	100	85																																																		
May	85		85																																																				
Jun	98		85																																																				
Jul	100	10	85																																																				
Aug	95	8	85																																																				
Sep	95	18	85																																																				
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Dec	70		85																																																				
Jan	100		85																																																				
Feb	70		85																																																				
Mar	22		85																																																				
On target?																																																							
✗																																																							

SS10: Average number of working days to process benefit claimants' changes of personal details

Service Standard	To end of Quarter 2 2020/21	Performance by Month	Further Information																																							
Changes should be processed within 8 days	3.4 days  (Q2 2019/20: 3.0 days)	 <table><thead><tr><th>Month</th><th>2019/20</th><th>2020/21</th></tr></thead><tbody><tr><td>Apr</td><td>2.8</td><td>4.0</td></tr><tr><td>May</td><td>3.8</td><td>3.9</td></tr><tr><td>Jun</td><td>3.2</td><td>2.8</td></tr><tr><td>Jul</td><td>3.1</td><td>3.0</td></tr><tr><td>Aug</td><td>2.5</td><td>3.0</td></tr><tr><td>Sep</td><td>2.8</td><td>3.2</td></tr><tr><td>Oct</td><td>2.7</td><td>-</td></tr><tr><td>Nov</td><td>2.9</td><td>-</td></tr><tr><td>Dec</td><td>3.0</td><td>-</td></tr><tr><td>Jan</td><td>3.1</td><td>-</td></tr><tr><td>Feb</td><td>1.5</td><td>-</td></tr><tr><td>Mar</td><td>3.2</td><td>-</td></tr></tbody></table>	Month	2019/20	2020/21	Apr	2.8	4.0	May	3.8	3.9	Jun	3.2	2.8	Jul	3.1	3.0	Aug	2.5	3.0	Sep	2.8	3.2	Oct	2.7	-	Nov	2.9	-	Dec	3.0	-	Jan	3.1	-	Feb	1.5	-	Mar	3.2	-	Nearly twelve thousand changes have been processed in the 2020/21 year to date.
	Month		2019/20	2020/21																																						
	Apr		2.8	4.0																																						
May	3.8	3.9																																								
Jun	3.2	2.8																																								
Jul	3.1	3.0																																								
Aug	2.5	3.0																																								
Sep	2.8	3.2																																								
Oct	2.7	-																																								
Nov	2.9	-																																								
Dec	3.0	-																																								
Jan	3.1	-																																								
Feb	1.5	-																																								
Mar	3.2	-																																								
On target?																																										
✓																																										

## **Section 2: Key Performance Indicators (KPIs)**

Service Standards are not the only set of measures used to interrogate the performance of the Council. Alongside the review of Service Standards, a set of Key Performance Indicators, derived from the links between the service plans and budget resolution were developed. The Panel's current KPIs are attached as a dashboard.

## **Section 3: [Carlisle Plan on a Page 2016–19](#) Delivery**

The current [Carlisle Plan](#) covered the period 2016-19 and the majority of the key actions are now either delivered or considered business as usual and feature within existing service plans. Quarter 2 updates to the Panel's remaining key actions are contained within the following pages. Following Member feedback, the layout of the updates have also been simplified.

# **Priority: Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle**

## *Business Property & Infrastructure:*

**Key Action 2: City Centre redevelopment projects** (SMT Owner: J Meek, Scrutiny Panel: EG / B&T)

**Project Description:** The City of Carlisle is ambitious to grow, leading the way in unleashing the full economic potential of Cumbria and the wider Borderlands Area. As the business and population capital of the region, a university city and the strategically located Borderlands hub connecting Cumbria to the rest of the UK, Carlisle has the assets, strengths and potential to drive future prosperity and growth. Carlisle city centre regeneration programme will ensure that we provide the environment in which businesses can thrive, attract new jobs, provide a high quality environment in which to live, work or play and a well-connected flourishing visitor destination and attractive gateway to the wider Cumbrian and Borderlands region.

### ***Timeline - Quarter 2 Update:***

Outline business cases are now being prepared for the regeneration of Carlisle Station and the Citadels site to draw down the funding allocated through the Borderlands Inclusive Growth Deal.

The business case for Future High Street Fund investment was submitted on 31 July 2020. This includes an ask of £14m to fund a programme of projects designed to improve the vitality and viability of the city centre.

The Carlisle Town Investment Plan Town has been developed for submission on 30 October 2020. Increasing the vibrancy of the city centre is a key objective within the Plan. Our Town Deal 'ask' of £25m will fund a number of city centre projects.

### ***Emerging risks/issues:***

None

## **Priority: Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents**

*Service and Facilities Development:*

**Key Action 12: Develop and deliver the proposed new leisure contract to improve facilities at The Sands Centre in line with the City Sports Facilities Development Plan and enhance the leisure services across the city** (SMT Owner: D Crossley, Scrutiny Panel: B&T/H&W)

***Project Description:*** Remaining actions: Refurbishment of the leisure facilities and partial refurbishment of the events centre at the Sands Centre site including the addition of two swimming pools. Provision of temporary accommodation for GLL staff, resident NHS staff, and alternative leisure facilities, sports hall, temporary bar and WC's during the construction phase.

### ***Timeline - Quarter 2 Update:***

A Special Meeting of the City Council took place on the 13<sup>th</sup> October to ratify the current scheme.

This project is progressing. Preparations are underway for the next phase which will see the demolition of the existing leisure centre (end of November) and the start of foundations for the extension to the side of the site. Reconfiguration of car parking, landscaping, incoming utilities diversions and new supplies and associated works will also begin to progress. Excavation for the swimming pools is also planned in the upcoming period.

The existing events centre is to be kept operational during the demolition works and construction of the new leisure centre. On site constructors are winter ready and will continue to work through the next national lock down period.

### ***Emerging risks/issues:***

The main contract deal is being finalised although no significant issues identified at this time. No deal Brexit brings some uncertainty to contracts in place and could impact on the supply chains and associated costs. The impact of the on-going Covid situation will require attention.

## Carlisle City Council Performance Dashboard

### Quarter 2 2020/21

Key	
↓	Performance is deteriorating (compared to same period last year)
↑	Performance is improving (compared to same period last year)
→	No change in performance (compared to same period last year)
✗	Off target
▲	Close to target (within 5%)
✓	On target

On Target?	New Code	Measure	Frequency	Performance Q2 2020/21	Performance Q2 2019/20	Trend	Target	Comments
✗	CSe14	Actual car parking revenue as a percentage of car parking expenditure (including recharges).	Quarterly	51.2%	120.5%	↓	126.1%	Revenue £413k under target
✓	CSu02	Proportion of customer "calls for service" logged in Salesforce completed on-line	Monthly	27.5%	15.9%	↑	15.9%	From calls logged in Salesforce CRM (5727 out of 20843 logs).
▲	CSu04	Percentage of Council Tax collected	Quarterly	55.0%	56.8%	↓	56.8%	
✗	CSu05	Percentage of NNDR collected	Quarterly	50.0%	57.0%	↓	57.0%	
✓	CSu06	Proportion of direct social media messages on Facebook and Twitter responded to within 24 hours (work days)	Monthly	100%	100%	→	100%	
✓	CSu07	Customer Services - Respond to customer emails within 48hrs	Quarterly	99.0%	95.6%	↑	90%	
N/A	CSu08	Customer Services - Calls answered within 1 minute	Quarterly	N/A	N/A	N/A	80%	New measure for 2020/21. Unable to measure currently due to temporary telephony system in place while staff work from home.
✓	CSu09	Customer Services - visitors served within 10 minutes	Quarterly	100%	N/A	N/A	90%	New measure for 2020/21. Contact Centre is currently operating by appointment only.
✓	FR01	Actual net spend as a percentage of annual net budget.	Quarterly	45.2%	45.1%	↓	47.9%	
✓	FR02	Percentage of all invoices paid within 30 working days	Monthly	99.4%	99.5%	↓	98%	
✓	FR03	Average number of working days lost due to sickness absence per FTE (full-time equivalent) employee.	Monthly	4.1	4.6	↑	4.6	
✓	FR04	Percentage of return to work interviews completed in five working days of returning to work.	Monthly	75.4%	73.0%	↑	73%	
N/A	FR06	Proportion of debts recovered (sundry debtors)	Quarterly	93.3%	95.3%	↓	N/A	Rolling 12 months to end of Aug 2020
N/A	GRS04	Proportion of contested licence applications decided on within 50 working days.	Quarterly	N/A	N/A	N/A	95%	0 contested applications
✓	GRS05	Proportion of Temporary Event Notices licences processed within 1 working day.	Quarterly	100%	100%	→	100%	8 applications in the first two quarters



# Business and Transformation Scrutiny Panel

Agenda  
Item:  
**A.6**

Meeting Date: 1<sup>st</sup> December 2020

Portfolio: Cross Cutting

Key Decision:

Within Policy and  
Budget Framework

Public / Private Public

Title: BREXIT RISK ASSESSMENT

Report of: Corporate Director of Economic Development

Report Number: ED.45/20

## Purpose / Summary:

This report considers the potential impacts and implications of a “Hard” or “No Deal” Brexit on Carlisle City Council and its services.

## Recommendations:

That the report is noted.

## Tracking

Executive:	
Scrutiny:	<b>1<sup>st</sup> December 2020</b>
Council:	

## **1. BACKGROUND**

**1.1** On 23<sup>rd</sup> June 2016 the United Kingdom voted to leave the European Union. In Carlisle, 60% of voters opted to leave the EU <sup>1</sup> compared to the national figure of 52%<sup>2</sup>. In March 2017 the UK Government invoked Article 50 of the Lisbon Treaty<sup>3</sup>, therefore triggering a 2-year process in which the UK was due to leave the EU on 29<sup>th</sup> March 2019.

**1.2** In January 2020, the UK Parliament passed the withdrawal agreement and left the EU therefore triggering the transitional period due to end on the 31<sup>st</sup> December 2020.

**1.3** The key issues which may impact our area include:

- Loss of European Funding
- Difficulty in obtaining suitable employees in both the private and public sectors
- Shortages of food, medical and construction supplies

**1.4** The UK is currently in a transition period having left the European Union (EU) on the 31<sup>st</sup> January 2020. The transition period is an 11-month period in which the UK is still bound to EU rules, whilst in transition the UK will remain in both the EU customs union and the single market. As negotiations continue to take place, there will be no extension of the transition period and the UK will leave the EU without a deal should negotiations be unsuccessful. At the time of writing, negotiations are still underway, and it appears possible that the UK will leave the EU without an agreement.

**1.5** There are many variables surrounding the Governments negotiations with the EU on Brexit and officers have been working with partners to prepare various scenarios. Like many other authorities the Council is not able to address many of the issues itself but may well have to respond to them.

## **2. IMPACT ON BUSINESSES**

**2.1** As the UK is currently in the transition phase there are actions businesses will need to take in order to be ready for either scenario of Brexit come December 31<sup>st</sup>.

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<sup>1</sup> [www.bbc.co.uk/news/politics/eu\\_referendum/results/local/c](http://www.bbc.co.uk/news/politics/eu_referendum/results/local/c)

<sup>2</sup> [www.bbc.co.uk/news/politics/eu\\_referendum/results](http://www.bbc.co.uk/news/politics/eu_referendum/results)

<sup>3</sup> [www.instituteforgovernment.org.uk/brexit/brexit-brief-article-50](http://www.instituteforgovernment.org.uk/brexit/brexit-brief-article-50)

- 2.2** Carlisle is home to an estimated 3,940 businesses<sup>4</sup> with 95% of those businesses falling into the small and medium enterprises (SME) category, whilst the economic activity rate for Carlisle is 84%<sup>5</sup> which is higher than the national average of 80% recorded in June 2020<sup>6</sup>.
- 2.3** Carlisle's main two industries in terms of business counts are within Agriculture (16.8%) and the Construction (12.2%) industry<sup>7</sup>.
- 2.4** Agriculture is likely to be one of the most seriously affected by any Brexit deal as it is an industry dependant on trading with both the EU and the Rest of the World<sup>8</sup>. The Agricultural industry is heavily dependent on Common Agricultural Policy (CAP) payments and is likely to be adversely affected under any new trade arrangements within the industry, any elimination of these payments will have a strong effect of most Agricultural businesses.
- 2.5** The Construction industry likewise is heavily reliant on EU workers to plug the skills gap within the UK workforce<sup>9</sup>, in addition to this the industry is reliant not only on EU employment but also heavily on goods and materials supplied from around the world.
- 2.6 Importing and Exporting of goods**
- 2.6.1** In the event of a no-deal Brexit businesses will likely face many changes in the way they import and export goods
- 2.6.2** Businesses importing goods will need to declare import goods from the EU and ensure that they have the correct import licences and certificates required for bringing in goods to the UK<sup>10</sup>.
- 2.6.3** For businesses in Carlisle the impact on SME's may not be as large compared to the potential impact that a no-deal Brexit would have on the district's larger employers. Carlisle is home to a number of large employers who import/export globally, most notably; Pirelli, McVities and Nestle. The impact of a no-deal Brexit for these businesses could have serious implications in the way they currently operate, movement of goods between the UK and EU will be affected by tariffs and

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<sup>4</sup> Office for National Statistics, 2018

<sup>5</sup> ONS, 2020, [www.cumbriaobservatory.org.uk/economy-employment/report/view/a582fc0a0ae24bd8aca46d6c58c880a4/E07000028](http://www.cumbriaobservatory.org.uk/economy-employment/report/view/a582fc0a0ae24bd8aca46d6c58c880a4/E07000028)

<sup>6</sup> [www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/lf22/lms](http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/timeseries/lf22/lms)

<sup>7</sup> ONSIDBR, 2020

<sup>8</sup> Brexit: How might UK Agriculture Thrive or Survive; Newcastle University, 2019

<sup>9</sup> What does Brexit mean for the UK's construction industry; CMS, 2016

<sup>10</sup> [www.gov.uk/prepare-to-import-to-great-britain-from-january-2021](http://www.gov.uk/prepare-to-import-to-great-britain-from-january-2021)

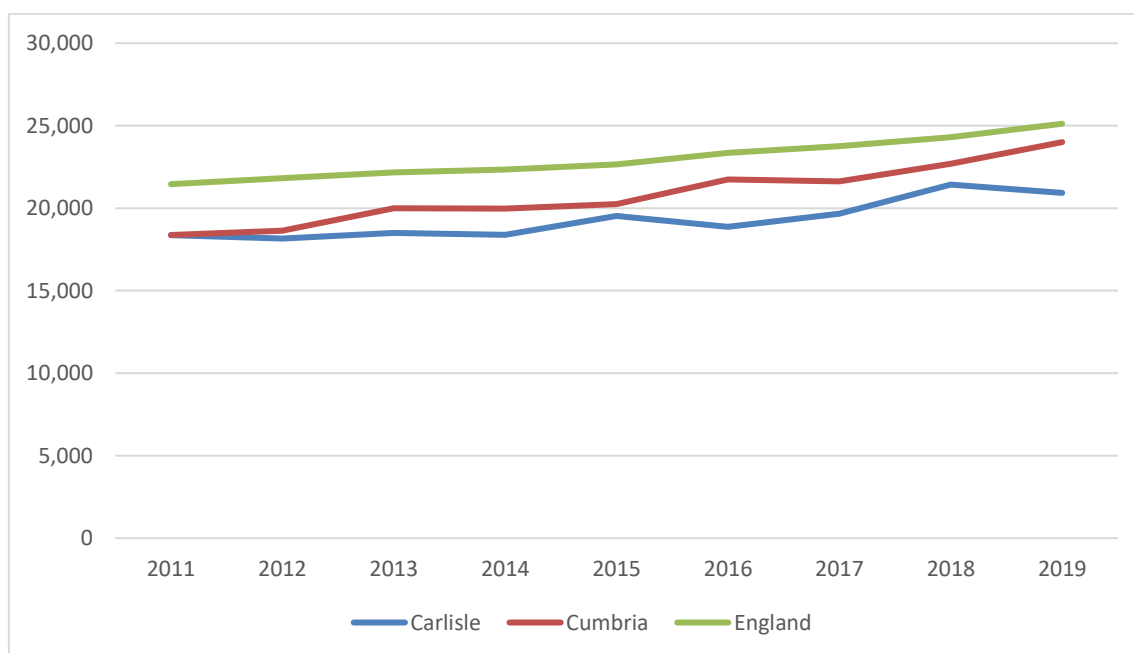
customs compliance requirements which will have a knock on effect on their supply chains.

## 2.7 Workforce

**2.7.1** Any Brexit deal with the EU will have major implications for many employers within the UK, particularly in sectors such as hospitality, healthcare, food production retail and construction where there is generally a higher share of EU nationals employed in those sectors <sup>11</sup>. Carlisle in particular is often dubbed a “low-skill-low-wage economy” which is outlined by significantly lower average annual salary rates in comparison to the UK national average, furthermore Education levels show that Carlisle has a significantly lower percentage of people educated to NVQ4+ and above <sup>12</sup>, the potential impacts of this could mean businesses and organisations could struggle to recruit skilled workers from the EU.

**2.7.2** There are currently an estimated 6000 EU residents living in Carlisle making up around 5.6% of Carlisle’s population<sup>13</sup>, this is broadly in line with the UK National average figure of 5.8%.

### ***Median annual salary of Carlisle, Cumbria and England Residents 2011-2019***



Source: ASHE, ONS 2019

### ***Qualification Levels in Carlisle, Cumbria and England***

<sup>11</sup> Preparing for Brexit through workforce planning; CIPD 2018

<sup>12</sup> APS, ONS 2019

<sup>13</sup> ONS, 2019

Qualification level	Carlisle	Cumbria	England
<b>NVQ4+</b>	28	32.5	40
<b>NVQ3+</b>	51.7	55.4	58.5
<b>NVQ2+</b>	67.7	74.3	75.7
<b>NVQ1+</b>	85.2	89.4	85.8
<b>Other Qualifications</b>	8.4	5.2	6.7
<b>No Qualifications</b>	6.4	5.4	7.5

Source: APS, ONS 2019

## 2.8 Finance and Funding

**2.8.1** With UK leaving the EU this means that both European Structural and Investment (ESI) and European Regional Development Funding (ERDF) have ceased, in its place the Government have pledged to set up a UK Shared Prosperity Fund (UKSPF) however there are currently few details surrounding its scale and design in addition to its implementation.

**2.8.2** The UKSPF Briefing paper<sup>14</sup> states that “The Withdrawal Agreement between the UK and the EU includes provisions to maintain current arrangements for structural funding until the end of 2020, funding will continue to be paid out after this point until the end of the funding programme but applications for funding will be closed.”

**2.8.3** Library analysis of ERDF and ESF data from MHCLG <sup>15</sup> showed that ERDF and ESF funding to England since 2014 covered roughly 52% of the total costs of projects, which means that if the UKSPF intends to produce similar results in terms of funding then it will need to consider the total amount of investment enabled by ESI funding.

## 3. CARLISLE

**3.1** Officers continue to monitor the situation and review the various scenarios and assess the risks. In order to address the risks, officers continue to work with partners including the Local Enterprise Partnership, Cumbria Tourism Partnership and the Chamber of Trade on plans for some of the more common consequences.

**3.2** Government guidelines were issued in November relating to Border Infrastructure Data Adequacy, EU Settlement Scheme and Immigration, and the UK Shared Prosperity Fund which did not have any direct impact on us.

<sup>14</sup> Briefing Paper 08527: The UK Shared Prosperity Fund; Philip Brien 2020

<sup>15</sup> Library analysis of ERDF and ESF beneficiaries data from MHCLG, January 2020

#### **4. CONCLUSION**

- 4.1** It is clear that the issues facing us are national ones and that Council's ability to influence most of them is in reality very limited.
- 4.2** However, the Council is actively working in partnership with the Cumbria Local Resilience Forum and the LEP to dynamically assess the impact of the end of transition.

**Contact Officer: Jane Meek**

**Ext: 817190**

**Appendices  
attached to report:**

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

- None

#### **CORPORATE IMPLICATIONS:**

**LEGAL –  
PROPERTY SERVICES -  
FINANCE –  
EQUALITY –  
INFORMATION GOVERNANCE –**

Meeting Date: 01 December 2020

Portfolio: Cross-cutting

Key Decision: No

Within Policy and  
Budget Framework

Private/Public Public

Title: Overview Report

Report of: Overview and Scrutiny Officer

Report Number: OS.27/20

### Purpose / Summary:

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

### Recommendations:

Members are asked to:

- Note the items (within Panel remit) on the most recent Notice of Key Executive Decisions
- Review the current work programme and resolutions and make recommendations for the future work programme

### Tracking

Executive:	<b>Not applicable</b>
Scrutiny:	<b>BTSP 01/12/20</b>
Council:	<b>Not applicable</b>

## 1. Notice of Key Decisions

**1.1** The most recent Notice of Key Executive Decisions was published on 11<sup>th</sup> September 2020. This was circulated to all Members. The following items fall within the remit of this Panel:

*Items which are included in the Panel's Work Programme:*

- KD 25/20 – Budget Process 2021/22 – 2025/26

*Items which are not included in the Panel's Work Programme:*

- KD 32/20 – Local Government Reorganisation – Approval of Carlisle City Council's Submission

## 2. References from Executive

**2.1** None

## 3. Progress on resolutions from previous meetings

**3.1** The following table sets out the meeting date and resolution that requires following up. The status is presented as either “completed”, “pending” (date expected), or “outstanding”. An item is considered outstanding if no update or progress has been made after three panel meetings. All the completed actions will be removed from the list following the meeting.

	Meeting date	Minute reference	Action	Status
1	23/07/20	BTSP 33/20	6) That the Finance, Governance and Resources Portfolio Holder circulate a copy of the Council's Hardship Scheme to all Members.	Complete
2	03/09/20	BTSP 47/20	3) That a Task and Finish Group be established to support the development of the Commercialisation Strategy and the invitation to join the Task Group be circulated to all Members.	Pending
	15/10/20	BTSP 64/20	1) That a Commercialisation Strategy Task and Finish Group be set up in early 2021.	
3	03/09/20	BTSP 48/20	2) That the Corporate Director of Finance and Resources provides the Panel with written responses with regard to the following: - a breakdown of the asset review sales and general sales receipts - an update on the emergency works that were outstanding on the Central Plaza Scheme.	Complete



4	03/09/20	BTSP 48/20	3) That the Panel receive information on the timescales and methods which the Council will use to deal with the Disabled Facilities Grants backlog as a result of Covid-19.	Complete
5	03/09/20	BTSP 51/20	2) That the Panel be involved in setting the future performance indicators and targets that would be reported to the Panel.	Pending
6	15/10/20	BTSP 64/20	2) That the impact of Covid 19 on the Council's operations be added as an item to the Panel's Work Programme.	Complete
7	15/10/20	BTSP 64/20	3) That the Panel refer the issue of incorporating the number and composition of Scrutiny Panels as part of the Peer Challenge work to the Scrutiny Chairs Group.	Pending
8	15/10/20	BTSP 64/20	4) That the Overview and Scrutiny Officer compile a list of other local authority scrutiny panels virtual meetings for Members to compare different approaches to scrutiny.	Pending
9	15/10/20	BTSP 65/20	2) That an Informal Council Briefing on Section 106 Agreements be arranged.	Pending
10	15/10/20	BTSP 65/20	3) That the Development Manager consider ways to include information on applications that would be subject to a Section 106 Agreement in the List of Planning Applications circulated to Members.	Pending
11	15/10/20	BTSP 65/20	4) That the Corporate Director of Economic Development consider a method for involving Ward Members in the early stages of dialogue for a Section 106 Agreement.	Pending
12	15/10/20	BTSP 67/20	2) That the Quarter 2 Sickness Absence report be submitted as a "For Information Only" document at the 1 December 2020 meeting of the Panel.	Complete
13	15/10/20	BTSP 67/20	3) That the Town Clerk and Chief Executive submit a Brexit Risk Assessment report to the 1 December 2020 meeting of the Panel.	Complete

## 5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

**5.1** The overview and scrutiny of the Carlisle Plan items that match the panel remit contribute to ongoing policy development.

**Contact Officer: Rowan Jones**

**Ext: rowan.jones@carlisle.gov.uk**

**Appendices**                      **1. Draft Scrutiny Panel Work Programme 2020-21**  
**attached to report:**

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

- **None**

**CORPORATE IMPLICATIONS:**

**LEGAL -**

**FINANCE –**

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

**INFORMATION GOVERNANCE –**

## APPENDIX 1: Draft Scrutiny Panel Work Programme 2020-21

Title	Type of Scrutiny	Lead Officer	BTSP Date
Scrutiny Annual Report 2019/20	Policy development	Rowan Jones	28/05/2020
End of Year Performance Report - for info report	For info	Gary Oliver	May 2020
Outturn Reports	For info	Steven Tickner	July 2020
Medium Term Financial Plan and Capital Strategy	Policy development	Alison Taylor	23/07/2020
Asset Management Plan and Annual Property Survey Report	Policy development	Mark Walshe	23/07/2020
Employee Opinion Survey	Monitoring	Gary Oliver	23/07/2020
End of year Performance Report	Monitoring	Gary Oliver	23/07/2020
Corporate projects	Policy update	Jason Gooding	23/07/2020
Asset Management of Kingstown Industrial Estate and Parkhouse Business Park - Part B item	Policy update	Mark Walshe	23/07/2020
Sickness Absence EOY 19/20 and Q1 20/21	Monitoring	Sue Kaveney	03/09/2020
Performance Report Q1	Monitoring	Gary Oliver	03/09/2020
Corporate Risk Register	Monitoring	Darren Crossley	03/09/2020
Budget monitoring Q1 20/21	Monitoring	Steven Tickner	03/09/2020
Annual Equality Report & Action Plan	For info	Rebecca Tibbs	Sept 2020
Sands Centre Redevelopment - special meeting	Policy update	Darren Crossley	17/09/2020
Review of Attendance Management Policy - T&F Group Report	Policy development	Sue Kaveney/ T&F Group	15/10/2020
Corporate Peer Review	Policy development	Darren Crossley	15/10/2020
Allocation of S.106 funds	Policy update	Chris Hardman	15/10/2020
Planning for a no Deal Brexit	Policy development	Jane Meek	15/10/2020
Performance Report Q2	Monitoring	Gary Oliver	01/12/2020
Budget setting	Budget	Alison Taylor	01/12/2020
Budget monitoring Q2 20/21	Monitoring	Steven Tickner	01/12/2020
Brexit risk assessment	Policy update	Jason Gooding	01/12/2020
Sickness Absence Q2 20/21	For info	Sue Kaveney	Dec 2020
Civic centre reinstatement and development	Policy update	Darren Crossley	07/01/2021
Budget setting (including Treasury Management Strategy Statement)	Budget	Alison Taylor	07/01/2021
Covid/ Budget item		Alison Taylor	07/01/2021
Draft Improving Attendance Policy	Policy development	Sue Kaveney	TBC Jan/ Feb 2021
Performance Report Q3	Monitoring	Gary Oliver	18/02/2021
Budget monitoring Q3 20/21	Monitoring	Steven Tickner	18/02/2021
Sickness Absence Q3 20/21	Monitoring	Sue Kaveney	18/02/2021
Sands Centre Project Monitoring Report	Monitoring	Darren Crossley	18/02/2021
Scrutiny Annual Report 2020/21	Policy development	Rowan Jones	01/04/2021
Corporate projects	Monitoring	Jason Gooding	01/04/2021
Corporate Risk Register	Monitoring	Darren Crossley	01/04/2021

