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EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 25 AUGUST 2011

ROSP.59/11 DRAFT MEDIUM TERM FINANCIAL PLAN (INCORPORATING THE CORPORATE CHARGING POLICY) – 2012/13 TO 2016/17

DRAFT CAPITAL STRATEGY 2012/13 TO 2016/17

The Draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2012/13 and 2016/17 and the Draft Capital Strategy 2012/13 to 2016/17 were considered together following a presentation given by the Assistant Director (Resources) (Mr Mason).

With regard to the Draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2012/13 and 2016/17 the Executive had on 26 July 2011 considered the report (EX.082/11 refers) and decided:

- “1. That the Report of the Assistant Director (Resources) (RD.27/11) on the draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2012/13 to 2016/17 be received.
2. That the report be made available for consideration by the Resources Overview and Scrutiny Panel.”

With regard to the Draft Capital Strategy 2012/13 to 2016/17 the Executive had on 26 July 2011 considered the report (EX.083/11 refers) and decided:

- “1.) That the Report of the Assistant Director (Resources) (RD.28/11) regarding the Draft Capital Strategy 2012/13 to 2016/17 be received
- 2.) That the Draft Capital Strategy be made available for consideration by the Resources Overview and Scrutiny Panel.”

Mr Mason submitted report RD.27/11 on the draft Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2012/13 to 2016/17.

Mr Mason advised Members that the Medium Term Financial Plan set out the current framework for planning and managing the Council's financial resources, developing its annual budget strategy and updating its current five year financial plan. The Plan further sought to link the key aims and objectives of the Council, as contained in the Corporate Plan, to the availability of resources thereby enabling the Council to prioritise the allocation of resources to best meet its overall aims and objectives.

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He reported that some of the figures in the Plan would be affected by external influences and would be subject to amendment during the Council's Budget cycle.

Mr Mason added that the Medium Term Financial Plan was reviewed annually commencing with the assumptions made in the Budget resolution approved by Council on 1 February 2011. In addition, the Corporate Charging Policy had been reviewed and included within the Medium Term Financial Plan. The Charging Policy provided a framework for potential policy options for each charging area, but recognised the different approaches that might be required for different services and the various influences which needed to be acknowledged in setting individual charges.

Mr Mason also submitted Report RD.28/11 on the Draft Capital Strategy 2012/13 to 2016/17. He informed Members that the Draft Capital Strategy was a key policy document, intended to direct the Council's Capital Programme and the allocation of resources for the five year period 2012/13 to 2016/17 and would supplement guidance contained in the Medium Term Financial Plan. The Capital Strategy was reviewed annually alongside the Medium Term Financial Plan, commencing with the assumptions made in the Budget Resolution approved by Council on 1 February 2011. The position had been updated to reflect any known changes since that date.

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

Mr Mason outlined the current capital programme forecasts, reminding Members of the key assumptions which had been considered in making the projections including the Capital Programme of £7.534m for 2011/12 and £2.730m for 2012/13. The impact of the 2010/11 outturn and the carrying forward of budgets into 2011/12 and 2012/13 had increased the programme by £1.418m in 2011/12 since the budgets were approved in February.

Mr Mason indicated that the current capital programme forecast spending on capital projects of around £2.7m - £1.2m per annum for years 2012/13 to 2016/17, although past experience had indicated that actual spending would be much higher due, in the main, to the fact that a number of initiatives were still at an early stage of development and had not therefore been included in the projections. He identified a number of schemes currently under review, including the Asset Review Programme; Vehicle Replacement Programme; and Disabled Facilities Grants, commenting that the position on those schemes would need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing could be made more accurately.

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The report further set out an estimated level of capital finance resources which would be generated over the next five years and highlighted the current position regarding borrowing, capital receipts, reserves and balances, Government and other capital grants and external funding, and revenue contributions. Also summarised was the level of capital spending and available financing for the period 2011/12 to 2016/17 which indicated that currently there was approximately £1.8m uncommitted estimated capital resources available to support any future capital programme.

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

- *What percentage of the Council's gross budget was the £3.8million identified as the minimum level of reserves for the Council? The information was not clear and difficult for members of the public to understand.*

Mr Mason confirmed the percentage was approximately 5%. He added that the level was not statutory but was based on a series of calculations.

Mr Mason indicated the issues for consideration in the 2012/13 to 2016/17 budget process.

- *Was there any Government support available in respect of Council Tax increases?*

There were no current plans for the Government to provide additional grant to support a 0% Council Tax increase in 2012/13.

- *With regard to transformation savings was there any indication from professional organisations that schemes such as partnership working and shared services were successful.*

Mr Mason advised that local Government was being held as an example of how to make savings and although the schemes were doing well at present it was not clear what the future impact would be.

The Deputy Chief Executive (Dr Gooding) advised that the shared ICT service had delivered savings as anticipated and while shared services and partnership working appeared to be successful at a local level it had not been so successful at a national level.

- *One of the key workstreams in the community was housing. Had a risk assessment been carried out of the potential impact of the Welfare Reform Bill as there could potentially be an increased demand for housing and potentially more people becoming homeless?*

Mr Mason advised that at the present stage it was too early to be able to assess the potential impact. Consultation had begun with responses required for early October; the lead officers were Keith Gerrard and Margaret Miller. Mr Mason intended to cover the issue at the informal Council meeting scheduled for 13 December 2011. Mr Mason

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added that a report would be presented to the Resources Overview and Scrutiny Panel indicating the potential implications of the Welfare Reform Bill at a future meeting. The potential impact of the move from housing benefit to universal credit would be slow but would increase over the years.

Mr Mason informed Members that there was significant pressure on the capital reserves and indicated the issues for consideration as part of the budget process. He then gave Members the timetable for the budget process.

- *Why can't Officers make use of the £30million held in the bank?*

Mr Mason advised that those reserves were raised through income from Council tax etc and fluctuated throughout the year. However it could be used if necessary for short term borrowing.

- *With regard to the Asset Business Plan what sort of rates could be obtained from those reserves and were there any built in projections?*

Mr Mason stated that officers were looking for short term treasury management actions to maximise the use of those reserves.

- *Members had been informed that a report on Transformation had been taken off the agenda as the proposals had not been discussed with JMT. A Member queried why that had not happened, when it would be discussed with JMT and when it would be brought to the Resources Overview and Scrutiny Panel?*

Dr Gooding advised that savings had been identified by the Senior Management Team but had not been discussed with Portfolio Holders or Joint Management Team. He advised that there was a half day meeting arranged for 15 September with the Joint Management Team and the report would be submitted to the Resources Overview and Scrutiny Panel at their meeting on 13 October 2011. He did not believe it would be appropriate to discuss the proposal before the Assistant Directors had had the opportunity to discuss them with the relevant Portfolio Holders and he apologised for the slippage in the timetable.

- *The budget documents are complex and it would be useful to have a workshop to discuss the underlying issues such as The Lanes and car parking.*

Dr Gooding agreed that it would be useful to gain an understanding of the issues. He advised that it had to be recognised that whatever the Council could do to assist the Lanes had to be realistic. Dr Gooding further advised that the Assistant Director (Local Environment) (Ms Culleton) had started work on car parking including charges for car parking.

The Governance and Resources Portfolio Holder stated that figures for the Lanes were now performance related and it was unfortunate that the change had coincided with the economic downward shift.

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- *A Member stated that he was pleased that work on car parking was to be undertaken as it had a massive impact on the City Centre. He believed that the work needed to consider parking costs and whether to increase the costs or provide free or reduced charging. Those issues would create other problems but the whole matter should be investigated.*

The Governance and Resources Portfolio Holder agreed with the comments and added that consideration should be done with the impact on the revenue budget in mind. He added that as the cost of parking increased the charges became counter productive as people stopped using the car parks. While he could not envisage a point when all car parking would be free the Portfolio Holder stated that Officers and Members should investigate at what point charging became counter productive. Dr Gooding confirmed that Ms Culleton would obtain that information as part of the work on car parking. He added that the work was within the remit of the Panel and that the Panel could have an early input into the discussions.

The Performance and Development Portfolio Holder reminded Members that the City Council did not have the monopoly on car parking but he did believe that Carlisle was the only city in England that provided some free parking in the City Centre.

- *When the report on car parking was undertaken would Officers ensure that all costs were considered including maintenance of machines and admin costs?*

The Governance and Resources Portfolio Holder added that Officers and Members had to be cautious when looking at available assets and ensure that there was a balance between out of centre businesses such as at Kingstown and businesses located in the city centre that would create incomes.

- *There had been some criticism that grant funding had been missed. Where was the information regarding access to grants maintained? And what was the success rate for applications for grants?*

Mr Mason explained that most of the grants included in the report were statutory grants but small grants were accessed by Officers within Economic Development and Community Engagement. The Chief Accountant (Mr Tickner) advised that there was a database that held the information about available grants.

- *Did that database cover large regeneration grants and European grants? How successful were the bids for grants?*

Mr Mason confirmed that the database covered those grants and while applications for grants had been successful in the past the situation was now more difficult.

Dr Gooding explained that with regard to on street parking Carlisle and Eden enforcement services were efficient and broke even. It was hoped that when the County Council considered car parking enforcement within the County that on and off street parking enforcement would not be split. The Governance and Resources Portfolio Holder advised that he believed the intention was that the County Council

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would take over control of on street parking but he was aware that there could be problems within Carlisle if parking enforcement was split.

RESOLVED – 1) That Reports RD.27/11 and RD.28/11 be noted.

2.) That a workshop be arranged for early Autumn to allow the Panel the opportunity to have early input into the budget setting process.

3) That the Panel looked forward to receiving the report on the car parking review and welcomed the opportunity to have input into the review.