
EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 7 DECEMBER 2021

BTSP.90/21 BUDGET 2022/23

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

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

The excerpts of the minutes of the meetings of the Health and Wellbeing Scrutiny Panel and Economic Growth Scrutiny Panel held on 25 November 2021 and 2 December 2021 respectively were submitted for consideration and were noted.

(b) Budget Update - Revenue Estimates 2022/23 to 26/27

The Corporate Director of Finance and Resources submitted report RD.46/21 providing a summary of the Council's revised revenue base estimates for 2021/22, together with base estimates for 2022/23 and forecasts up to 2026/27 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 14 September 2021.

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 and details of the income and budget monitoring shortfalls were documented at paragraph 5.7. Section 8 of the report set out the funding requirements for the Local Government Reorganisation.

The Executive had considered the matter at their meeting on 20 November 2021 (EX.128/21 referred) and resolved:

"That the Executive:

1. Noted the revised base estimates for 2021/22 and base estimates for 2022/23.
2. Noted the current Medium Term Financial Plan projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken.
3. Noted the initial budget pressures, bids and savings which needed to be taken into account as part of the 2022/23 budget process.
4. Noted the review of the earmarked reserves as outlined in paragraph 9 and Appendix F to Report RD.46/21."

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

- Was the anticipated income from Gateway 44 per annum and did it include an assumption on the remaining units?

The Head of Property Services confirmed that the income was per annum and did include the final three units being occupied. A retailer was set to occupy them once the planning process had been completed.

- Was it possible to streamline the reserves detailed within the report and how could the Council ensure the reserves were spent in Carlisle once the Local Government Reform (LGR) had taken place?

The Corporate Director of Finance and Resources reminded the Panel of the difference between the general fund free reserve and the earmarked reserves. All Councils involved in the LGR would pool their reserves and an element of this pooling exercise pooled reserve would become Cumberland Council reserves. Work was being undertaken on the disaggregation of Cumbria County Council's budget and balance sheet. The reserves in the report had been streamlined, some reserves had been released and some had now been removed. Moving forward the earmarked reserves would show the new authority the intention and commitment of the City Council, however, how the monies were used would depend on the priorities of the new authority.

-A Member asked for clarity with regard to the LGR implementation reserve.

The Corporate Director of Finance and Resources explained that the estimated early indications were that the LGR would cost £18.9m to implement. Cumbria County Council would contribute 50% of the cost, the remaining amount would be divided equally between the six district councils. A report would be submitted to full Council in January 2022 for the funding to be released.

RESOLVED - That the Panel scrutinised the Budget Update - Revenue Estimates 2022/23 to 2026/27 (RD.46/21)

(c) Individual Charges Review - Community Services

The Deputy Chief Executive submitted report CS.37/21 setting out the proposed fees and charges for 2022/23 relating to those services falling within the Community Services Directorate. The report proposed a varied approach to the charges for the use of the city centre. To encourage the use of commercial pitches, pavement cafes and Farmers Markets it was proposed to maintain the rates at the current rate and the remainder of charges would increase by 3%. It was also proposed that 10p be added to all tariffs across all car parks and an increase of 10p per day to permit prices.

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

The original 2021/22 budgets and 2022/23 forecast income levels based upon the current charge structure and forecast volume were as detailed in the table in section 11 of the report. The charges highlighted within the report would result in an anticipated level of income of £2,810,500 against the MTFP target of £3,196,200. That represented a shortfall of £385,700 against the MTFP target.

The Executive had considered the matter at their meeting on 20 November 2021 (EX.129/21 referred) and resolved:

"That the Executive:

1. Had reviewed the proposed charges as set out in the body of Report CS.37/21 and relevant

appendices with effect from 1 April 2022, noting the impact those would have on income generation as detailed within the report.

2. Made the report of proposed charges available to relevant Scrutiny Panels for their review and comment."

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

- A Member drew the Panel's attention to the resolution of the Economic Growth Scrutiny Panel (EGSP.74/21 referred) which asked the Executive to consider:

"- Freezing the car parking charges for the first hour of use across all Carlisle City Council car parks and introduce the proposed increase from the second hour;
- That a review of the car park permit policy for Talkin Tarn car park be undertaken with the goal of increasing flexibility and the number of permits available."

The Member asked the Panel to endorse the recommendations, the Panel agreed.

- A Member asked why the Council reduced enforcement charges if the charge was paid quickly.

The Neighbourhood Services Manager stated that the Council had to take enforcement action that was reasonable and proportionate. The reduced penalty for early settlement was discount had been effective in ensuring penalties charges were paid and prevented further action being taken. The Member asked how many penalties charges were paid early and the Neighbourhood Services Manager agreed to provide a written response.

RESOLVED - 1) That the Panel had received and commented on the Individual Charges review - Community Services (CS.37/21)

2) That the Panel endorsed the recommendation from the Economic Growth Scrutiny Panel (EGSP.74/21) and ask that the Executive consider:

- Freezing the car parking charges for the first hour of use across all Carlisle City Council car parks and introduce the proposed increase from the second hour;
- That a review of the car park permit policy for Talkin Tarn car park be undertaken with the goal of increasing flexibility and the number of permits available.

3) That the Neighbourhood Services Manager provide the Panel with information on the number of penalties that were paid early and received a discount.

(d) Individual Charges Review - Economic Development

The Corporate Director of Finance and Resources presented report ED.39/21 setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate.

The proposed charges in relation to Planning Services included Development Control income; Building Control income; Building Control Discretionary Charges; Shop Mobility and Investment and Policy Income.

Acceptance of the charges highlighted within the report would result in an anticipated level of income of £656,000 against the Medium Term Financial Plan target of £656,000.

The Executive had considered the matter at their meeting on 22 November 2021 (EX.131/21 referred) and agreed the charges, for consultation, as set out in Report ED.39/21 and accompanying Appendices, with effect from 1 April 2022; noting the impact those would have

on income generation as detailed within the report.

RESOLVED - That the Individual Charges Review - Economic Development (ED.39/21) be received.

(e) Individual Charges Review - Governance and Regulatory Services

The Corporate Director of Governance and Regulatory Services submitted report GD.55/21 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 £802,800 in 2022/23 as summarised in the table at paragraph 5.11.1 of the report.

The Executive considered the matter at their meeting on 22 November 2021 (EX.131/21 referred) and agreed for consultation the charges as detailed within Report GD.55/21 and accompanying Appendices, with effect from 1 April 2022; noting the impact those would have on income generation as detailed within the report.

The Corporate Director of Governance and Regulatory Services reminded the Panel that the previous year's budget discussions had resulted in no charge for domestic rat treatments, the position had not changed and there would be no charge introduced in 2022/23.

In response to a question regarding the new legislation for food labelling, the Corporate Director of Governance and Regulatory Services said he thought it was the County Council (Trading Standards) that dealt with food labelling but if there was an opportunity to recover costs for matters which it was responsible for then the Council would seek to do so via a report to the Executive.

RESOLVED - That the Individual Charges Review - Governance and Regulatory Services (GD.55/21) be received.

(f) Individual Charges Review – Licensing

The Corporate Director of Governance and Regulatory Services submitted report GD.82/21 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 Executive had considered the matter at their meeting on 22 November 2021 (EX.132/21 referred) and resolved:

"That the Executive:

1. Noted the charges which were considered by the Regulatory Panel on 27 October 2021.
2. Approved the charges, for consultation, under the Scrap metal Dealers Act 2013 with effect from 1 April 2022."

RESOLVED - That the Individual Charges Review - Licensing (GD.82/21) be received.

(g) Revised Capital Programme 2021/22 and Provisional Capital Programme 2022/23 to 2026/27

The Corporate Director of Finance and Resources submitted report RD.47/21 detailing the revised Capital Programme for 2021/22, now totalling £29,917,200, together with the proposed method of financing. The summary of the revised programme for 2021/22 showed a potential borrowing requirement in the sum of £28,794,905.

Also summarised was the proposed programme for 2022/23 to 2026/27 in the light of the new capital proposals identified, together with the estimated capital resources available to fund the programme.

The Executive had considered the matter at their meeting on 22 November 2021 (EX.133/21 referred) and resolved:

"That the Executive:

1. Noted the revised capital programme and relevant financing for 2021/22 as set out in Appendices A and B to Report RD.47/21 including approval of the reduction of £1,894,800 to the 2021/22 capital programme;
2. Had given initial consideration and views on the proposed capital spending for 2022/23 to 2026/27 given in the report in the light of the estimated available resources;
3. Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved."

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

- Had there been an increase in the income at the Crematorium which would allow the replacement of the cremator to be undertaken without further borrowing?

The Corporate Director of Finance and Resources explained that the new spending proposal (£1.75m) for the replacement of the cremators referred to replacing gas powered cremators with electric powered ones which would help to reduce the amount of CO2 produced from the crematorium. Replacement on a like for like basis with gas powered cremators would require additional funding of approximately £300,000 - £400,000. The additional spend also provided additional funding to upgrade the building facilities at the crematorium. The additional spend would require an additional borrowing requirement, however, the annual borrowing cost could be met from the annual sum currently set aside to the cremator reserve over a 23 year period.

In response to a further question the Corporate Director of Finance and Resources clarified that a further report to the Executive and Scrutiny would be required for the cremator capital scheme and it would include options and value for money information.

- If the Council replaced the cremator with an electric one would there be a reduction in running costs?

The Deputy Chief Executive stated that it would be reasonable to expect a reduction in running costs, however, there was no certainty at the moment.

- A Member asked for information with regard to the Flare Data Management System and if there were any risks to the Council by not replacing it.

The Corporate Director of Governance and Regulatory Services reported that the Flare system was used by Environmental Services but it was no longer a supported

system. Following the announcement of LGR it was agreed that the section could manage with the system until the Council became unitary as the other Council's already used an different and more suitable system. The resources allocated to the scheme had been returned to the corporate budget for use elsewhere.

- Would the proposed improvement and developments to the Council's ICT infrastructure be compatible with the other authorities following LGR?

The Corporate Director of Finance and Resources explained that the capital which had been requested was mainly to keep the City Council legal and safe until April 2023. Further work regarding ICT systems was being undertaken as an LGR work stream.

RESOLVED - That the Review Capital Programme 2021/22 and Provisional Capital Programme 2022/23 to 2026/27 be received (RD.79/21).

(h) Corporate Assets - 3 Year Repair and Maintenance Programme 2022/23 - 2024/25

The Corporate Director of Finance and Resources submitted report GD.79/21 setting out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the three year period 2022/23 to 2024/25, required to ensure that the legal responsibilities of the City Council were met.

Local authorities had a duty to manage their property assets, particularly operational assets, in a safe and efficient manner which contributed to the quality of service delivery. The maintenance strategy was fully integrated with the Asset Management Plan and environmental policy. In addition, the Council followed good practice by, where practical, allocating its budget 70% planned maintenance and 30% reactive maintenance.

The report indicated that the proposed 2022/23 revenue maintenance budget amounted to approximately £782,200 spread across a wide range of assets; and that the Council had a capitalised major repairs programme with a provision of £250,000 included in the Capital Programme. The total outstanding maintenance figure on the operational buildings, based on a costed 5 year plan derived from the Condition Surveys, currently stood at just under £2,164,000. That figure omitted the outstanding maintenance works at the Pools due to the impending closure of the facility, however, it was anticipated that the total maintenance figure would rise once costs associated with the Victorian Health Suite and the Sands sports hall roof were known.

Turning to the issue of planned maintenance, the report recorded that the projects detailed at Section 2 reflected the highest priority projects to be funded from capital. The Council had submitted a bid for Public Sector Decarbonisation Scheme funding. The bid totalled £2.1million and if successful would allow energy efficiency improvements to be undertaken to a number of the Council's operational assets.

The Executive had considered the matter at their meeting on 22 November 2021 (EX.134/21 referred) and resolved:

"That the Executive approved:

1. The three-year revenue maintenance programme set out in Appendix A to Report GD.79/21 as part of the budget process.
2. The 2022/23 capital budget of £250,000 and the associated list of capital projects selected to meet the allocated budget. "

RESOLVED - That the Corporate Assets - 3 Year Repair and Maintenance Programme 2022/23 - 2024/25 be received (GD.79/21).

(i) Treasury Management Quarter 2 2021/22 and Forecasts for 2022/23 to 2026/27

The Corporate Director of Finance and Resources submitted report RD.49/21 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 2022/23 with projections to 2026/27 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 2022/23 with projections for 2026/27 were set out at Appendix C.

The Executive had considered the matter at their meeting on 22 November 2021 (EX.135/21 referred) and received RD.49/21 and the projections for 2022/23 to 2026/27 be incorporated into the Budget reports considered elsewhere on the Agenda.

RESOLVED - That the Treasury Management Quarter 2 2021/22 and Forecasts for 2022/23 to 2026/27 be received (RD.49/21).

(j) Local Taxation 2022/23 - 2026/27

The Corporate Director of Finance and Resources submitted report RD.48/21 considering aspects of Local Taxation decisions which needed to be made as part of the Budget process for 2022/23 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 including War Widows Pension Disregard, and Business Rate Retention (including Pooling arrangements). A summary of the assumptions made was also provided at Section 4.

The Executive had considered the matter at their meeting on 22 November 2021 (EX.136/21 referred) and resolved:

"That the Executive:

1. Noted the contents of Report RD.48/21 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 2022/23 Local Support for Council Tax scheme as set out in paragraph 2.4, and the War Pensions Voluntary Disregard as set out in paragraph 2.5;
3. Approved the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2022/23, 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."

In response to a question the Corporate Director of Finance and Resources explained that all other districts in Cumbria had a Council Tax Reduction Scheme which was very similar to Carlisle. To have an amended scheme in place by April 2023 would require a lengthy

consultation period so would be one of the first decisions taken by the Shadow Authority following the elections in May 2022, if they wished to change the CTRS.

The Chair gave the Panel the opportunity to ask any general questions with regard to the 2022/23 budget:

A Member commented that the residents of Carlisle were recovering from the impact of Covid 19 and many people were finding the economic situation very difficult. He moved a recommendation that Carlisle City Council freeze their portion of the Council Tax for 2022/23. The recommendation was seconded.

A Member had concerns what this would mean for the budget which had included a £5 per annum increase. The Corporate Director of Finance and Resources responded that the impact of a one year freeze would be £175,000 and over the five year period of the MTFP it would be £893,000.

The Member proposed, and it was seconded, that a report detailing the implications of a Council Tax freeze on the budget be submitted to the Panel for consideration before a recommendation to the Executive was made.

The Finance, Governance and Resources Portfolio Holder reminded the Panel that the comments, observations and recommendations from the Scrutiny Panel informed the Executive for the preparation of the budget. Should the Executive take on board the recommendation the budget would reflect the impact. The Panel would have the opportunity to scrutinise the budget at their meeting in January before the final budget was submitted to the whole Council for consideration.

The Leader added that this would be the last budget that Carlisle City Council set, after that all four authorities would have to work to align their budget and Council Tax charges.

The Member and seconder of the proposal for a further report withdrew the proposal.

Following voting it was agreed that the Panel recommend to the Executive that City Council freeze their portion of the Council Tax for 2022/23.

RESOLVED - 1) That the Local Taxation 2022/23 - 2026/27 be received (RD.48/21)

2) That the Panel recommends to the Executive that the City Council freeze their portion of the Council Tax for 2022/23.

3) That the Panel thanked the Corporate Director of Finance and Resources, and her team, for their excellent work in preparing the budget documents especially in such difficult circumstances.