

2017/18 BUDGET PROCESS

The Budget Reports within this document will be considered as part of the budgetary process.

Members are asked to retain this document and bring it to the following meetings:

Executive	21 November 2016
Community Overview and Scrutiny Panel	24 November 2016
Environment and Economy Overview and Scrutiny Panel	1 December 2016
Resources Overview and Scrutiny Panel	6 December 2016
Executive (Special)	12 December 2016
Executive	19 December 2016
Resources Overview and Scrutiny Panel	5 January 2017
Executive	18 January 2017
Council (Special)	7 February 2017

2017/18 BUDGET REPORTS

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Report to Executive

Agenda
Item:

A.1(a)

Meeting Date: 21 November 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2017/18 TO 2021/22
Report of: CHIEF FINANCE OFFICER
Report Number: RD35/16

Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2016/17, together with base estimates for 2017/18 and forecasts up to 2021/22 for illustrative purposes.

Potential new spending pressures and savings are also considered in this report. It should be noted that the figures in this report are indicative and the final position is subject to decisions being taken further in the budget process.

The report also provides an update on the key budget considerations.

Recommendations:

The Executive is requested to:

- (i) note the revised base estimates for 2016/17 and base estimates for 2017/18;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2017/18 budget process.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 06/12/16; EEOSP 01/12/16; COSP 24/11/16
Council:	

1. INTRODUCTION

- 1.1. This report considers the revised base estimates for 2016/17 together with the estimates for 2017/18. The report also sets out any known revisions to the Medium Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have 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 following Policy documents that were approved by Council on 13 September 2016:
 - ◆ Medium Term Financial Plan and Charging Policy
 - ◆ Capital Strategy
 - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular the following are key to the budget process and details on these are considered further in the report:
 - Government Finance Settlement - Business Rate Retention and Business Rate Revaluation
 - Welfare Reform Act
 - Transformation
 - Stock issue loan refinancing in 2020
 - Future borrowing requirements
- 1.4. The report draws on information contained in a number of reports that are being considered elsewhere on this agenda. The principal budget reports have been listed in **Appendix A**.
- 1.5. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2017.

2. SUMMARY OF BASE BUDGET ESTIMATES

- 2.1. The base estimates are calculated on the assumption that core services will continue at approved levels incorporating decisions agreed by Council as part of the previous year's budget process and including all subsequent decisions made by Council.
- 2.2. The table below sets out the base level General Fund requirement for 2016/17 and 2017/18 with projections to 2021/22. The 2016/17 variance reflects the use of

earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	Original £000	Revised £000	Original £000	Proj £000	Proj £000	Proj £000	Proj £000
Net Base Budget	13,062	13,227	10,190	10,098	10,168	11,281	11,635
Parish Precepts (PP)	557	557	544	504	517	530	543
Total	13,619	13,784	10,734	10,602	10,685	11,811	12,178
Original MTFP Projections	13,619	13,619	10,734	10,602	10,685	11,811	12,178
Variance	0	165	0	0	0	0	0
Analysis of Variance:							
Non-Recurring:							
IT Renewals Reserve	0	48	0	0	0	0	0
Leisure Reserve		17					
Economic Investment Reserve		13					
Cremator Reserve		(42)					
Energy Efficiency Advice Reserve		42					
Carry Forward Reserve		87					
Total Variance	0	165	0	0	0	0	0

2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that a number of income streams are either above or below projected levels in the current financial year and there may be other cost pressures, which may have a recurring impact; however officers are reviewing the existing base budget provisions to ensure that the services can be provided within these provisions with the position for 2017/18 onwards being considered during this budget process.

2.4. **Appendix B** details the movements between the Original Budget for 2016/17 and the Original Budget for 2017/18 incorporating all decisions made by the Council to date.

3. UPDATED MTFP PROJECTIONS

3.1 The budget projections as currently forecast in the MTFP are summarised in Table 2 below:

Table 2 – Current Budget projections

	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Transfers Between Reserves £000	Total £000
2016/17	1,241	172	528	0	1,941
2017/18	465	(987)	56	0	(466)
2018/19	(152)	(333)	10	0	(475)
2019/20	363	(666)	0	0	(303)
2020/21	137	391	0	0	528
2021/22	247	391	0	0	638

- 3.2 Other than the minor changes detailed at paragraph 2 there have been no major revisions to the budgets at this stage. The revised estimates for 2016/17 will be recommended to Council as part of the budget process.

4. OUTSTANDING KEY ISSUES

4.1. Revenue Support Grant (RSG)

The figures incorporated into this report are based on the 2016/17 Local Government Finance Settlement confirmed by the Secretary of State in January 2016 and are based upon the acceptance of the offer of a four-year funding settlement. It is still unclear as to whether there may be any further changes to these figures but draft figures are expected in December 2016.

4.2. Retained Business Rates and Council Tax Reduction Scheme

The draft budget assumes that the Council will continue to be a member of the Cumbria Business Rates Pool for 2017/18 and that the Council Tax Reduction Scheme parameters will continue as outlined elsewhere on this agenda.

Further details on the Government announcement that Local Authorities will retain 100% of Business Rates from 2020 are still unknown although more details are slowly emerging. It is likely that the referendum limit will remain for Council Tax increases, however, District Councils are being given the option of raising Council Tax by the greater of 2% or £5. Further details on Local taxation are considered elsewhere on this agenda in report RD38/16.

4.3. Welfare Reform Act

The Government has announced that there will be significant changes to the Welfare State as part of the current Parliament and this will involve radical changes to the way benefits are managed and distributed. There will be significant changes to the

way Carlisle City Council manages benefits, with housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2014 and 2017). Housing Benefit Admin Grant is therefore likely to reduce over the life of the MTFP.

4.4. **Transformation**

The current MTFP includes budgeted recurring savings of £3.475million for the transformation programme, to be found by 2018/19. Details of these areas where the savings will be made are detailed in **Appendix C**.

4.5. **Resource Assumptions**

Contributions from balances include all approvals to date, but make no assumptions on further contributions from balances to support the budget from 2017/18 onwards. The resources projections assume:

- A continued reduction in Government Grant allocation in 2017/18 onwards as a result of the acceptance of the four-year settlement.
- A 1.95% Council Tax increase for 2017/18 onwards.
- A Council Tax Surplus for 2017/18 onwards of £50,000. The actual figure for 2017/18 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £700,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2017/18 rising to £900,000 in 2019/20.
- An assumed taxbase of 32,228.35 for 2017/18. The final taxbase for 2017/18 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2017/18 is for a total of £544,000 (including approximately £24,000 in Government Grant for Council Tax reduction scheme.) The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

- Each 1% (£1.95) movement in Council Tax impacts on the Council by £67,000
- Each £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

5. **POTENTIAL NEW SPENDING PRESSURES**

- 5.1 In light of the current position in the MTFP, there are some potential new spending pressures that need to be considered. These are detailed at **Appendix D**.

5.2 Treasury Management

The Treasury Management projections have been updated to take account of the revised capital programme, including changes to funding. The projections have also taken into account the latest projections for interest rates, including the long term investment in the property fund and re-financing of the stock issue in 2020. Treasury Projections will be recalculated as decisions made during the budget process with regard to contributions to and from reserves which impact on the level of cash forecasts.

5.3 Salary Turnover Savings - £119,000 Recurring

Salary Turnover savings target of £412,000 represents 3.5% of staffing costs. Salary Turnover levels have historically been set at 2.5%. With reductions in staffing numbers and VR/ER initiatives, this pressure reduces the target to a realistic level of 2.5%

5.4 Pension Fund Revaluation - £111,000 Recurring (estimate)

The triennial revaluation of the Pension Fund is likely to increase the pension contributions payable by the Council from April 2017. Further information will be available from the actuary on late November 2016.

5.5 Civic Centre Rental Income - £158,000 Recurring

This pressure reflects the loss of income from the County Council and other tenants vacating the Civic Centre unless other tenants are found the shortfall will become a recurring pressure.

5.6 Lanes Income – £140,000 Non Recurring 2017/18

This pressure reflects expected levels of income from the Lanes for 2017/18 only. Estimates are that from 2018/19 the levels of income should return to the current budgeted projections.

5.7 Homelife – up to £75,000 Recurring

This pressure reflects the gross costs of the core staffing team required to provide and continue the Homelife scheme.

5.8 Car Parking - £96,000 Recurring

There is an expectation that income will not achieve the MTFP projections by £60,000 and additional costs in relation to Business Rates on Council owned car parks will increase by £36,000.

5.9 Clean Up Carlisle - £91,000 Recurring

This pressure reflects the costs required to continue the Clean Up Carlisle initiative.

5.10 Funding Officer - £31,000 Recurring

This represents the cost of appointing an Funding Officer to identify sources of potential external funding in order to increase the sources of grants that can be utilised. This can be funded from the recurring savings on inflation as outlined below.

5.11 Economic Regeneration Team - £24,000 Recurring

This represents the additional costs of appointing to the economic regeneration team to increase capacity for regeneration projects and initiatives. This can be funded from the recurring savings on inflation as outlined below

5.12 Enterprise Centre Income - £47,000 Recurring

The enterprise centre has not achieved the budgeted level of income for the past couple of years and this pressure will reduce the budget to a more achievable level.

5.13 Community Infrastructure Levy - £80,000 Non-Recurring 2017/18

This pressure is to establish the Community Infrastructure Levy (CIL) arrangements for future development activity within the City. There is an expectation that this initial cost can be recovered once CIL's are in place.

5.14 There may be other pressures on the revenue budget as highlighted within the revenue monitoring report, which may have a recurring impact; however officers are reviewing the existing base budget provisions to ensure that the services can be provided within these provisions.

6. SAVINGS AND ADDITIONAL INCOME PROPOSALS

6.1 The current MTFP includes a savings requirement to be found by 2018/19 of £3.475million. This savings requirement takes no account of the pressures identified above or the additional savings identified below. The net position of the final pressures and savings identified as part of this budget process may require changes to be made to the overall savings target.

6.2 Further savings/additional income have already been identified in the budget process for 2017/18 to date.

6.3 Inflation – Up to £104,000 by 2021/22

The MTFP assumes inflation on general expenditure of 2.0% and 3.0% for income. The cash amount included in the MTFP for inflation has been reduced significantly given reducing levels of expenditure and lower forecasts for inflation.

6.4 Base Budget Review – £403,000 Recurring (estimate)

A review of recurrent under spends over the last three-years has identified some areas where recurring savings can be made from the base budget. These need further investigation with Directors and Service Managers in order to determine the actual savings to be achieved.

6.5 Minimum Revenue Provision (MRP)

A review of the Council's MRP charges and policy has been undertaken by Capita, the Council's treasury management advisors and has identified the potential for savings to be made in order to counteract the over-provision of MRP charges in previous years. Final details are still to be confirmed as to how these savings can be best achieved and discussions also need to be held with the Council's external auditors.

7. PROJECTED IMPACT ON REVENUE BALANCES

7.1 It should be noted that if all of the potential new Savings and Spending Pressures were accepted then reserves may fall below acceptable minimum levels.

7.2 The general principles on each of the Reserves are set out in the Medium Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that:

'Wherever possible, reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years'.

7.3 The Council's current levels of balances are set out in **Appendix G** and do **not** include any impact of the proposed pressures and savings outlined in this report. The Projects Reserve has been used as a first call for the current projected revenue budget deficit however, the maintaining the current level of reserves is dependent upon the achievement of the transformation savings. A risk based review of reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should remain at £2million.

8. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2017/18 to 2021/22

- 8.1 The current budget projections for the next five-year period are challenging and continue to show the requirement for substantial savings to be achieved in order to enable the Council to contain its ongoing commitments within available resources.
- 8.2 Notification of Government general and specific grants is received on an individual basis late in the budget process which makes forward planning difficult.
- 8.3 In terms of expenditure pressures, the significant issue affecting the budget is the continuing falling levels of income being received by the Council.
- 8.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive will make recommendations in this respect in December.
- 8.5 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes. At this stage it should be noted that the current revenue deficit requires substantial savings to be identified to meet the ongoing projected shortfall.

9 CONSULTATION

- 9.1 The Resources Overview and Scrutiny Panel will consider this report on 6 December 2016, and their views fed back to the Executive on 12 December. The draft budget proposals will then be issued by the Executive on 19 December, and will be subject to wider internal and public consultation.

10 RECOMMENDATIONS

The Executive is requested to:

- (a) note the revised base estimates for 2016/17 and base estimates for 2017/18;
- (b) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (c) note the budget pressures/savings needing to be taken into account as part of the 2017/18 budget process.

11 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

11.1 To ensure that a balanced budget is set.

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**Appendices
attached to report:**

**Appendix A – Principal Reports considered in budget process
to date**

**Appendix B – Movements between Original budget 2016/17
and Original budget 2017/18**

Appendix C – Proposals for Transformational Savings

Appendix D – Potential New Spending Pressures / Savings

Appendix E – Existing Expenditure Commitments

Appendix F – Existing Resource Projections

Appendix G – Council Reserves

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Resources – contained within the body of the report

PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
RD16/16	13/09/16	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2017/18 to 2021/22
RD17/16	13/09/16	Capital Strategy 2017/18 to 2021/22
GD50/16	13/09/16	Asset Management Plan 2016 - 2021
RD35/16	21/11/16	Budget Update – Revenue Estimates 2017/18 to 2021/22
RD36/16	21/11/16	Provisional Capital Programme 2017/18 to 2021/22
GD54/16	21/11/16	Charges Review – Licensing
GD62/16	21/11/16	Charges Review – Governance
SD27/16	21/11/16	Charges Review – Deputy Chief Executive
ED45/16	21/11/16	Charges Review – Economic Development
GD64/16	21/11/16	Corporate Assets – 3 Year Repair and Maintenance Programme

APPENDIX B

MOVEMENTS BETWEEN ORIGINAL BUDGET 2016/17 & ORIGINAL BUDGET 2017/18

	£	£
Updated Original Estimate 2016/17	13,619,300	
Carry Forwards 2015/16	(528,000)	
Original Estimate 2016/17		13,091,300
<u>Impact of 2016/17 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	(12,500)	
Transformation Savings	(795,000)	
Pay Award/Living Wage	(11,000)	
Supporting People Contract	(18,000)	
Apprenticeship Levy	45,000	
Events Sponsorship Income	(20,000)	
Treasury Management	(263,500)	
Rural Services Delivery Grant	35,200	
Revenue contribution to capital	(1,100,000)	
Car Parking Income	(100,000)	
Rapid Response Team	(114,000)	
Enterprise Centre Income	(40,000)	
Temporary post in Economic Development	(38,000)	
Lanes Income	(138,000)	
Homelife Team	(73,000)	
Carry forward from 2015/16	56,100	
		(2,586,700)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		229,400
Original Estimate 2017/18	0	10,734,000

UPDATE ON TRANSFORMATIONAL SAVINGS

Year	Area	Amount £	Amount input to ledger £	Variance
Up to and including 2014/15			44,400	(44,400)
2015/16	total 2015/16		(83,400)	83,400
2016/17	Parish Grants - Concurrent Grants	49,000	49,700	(700)
2016/17	Rethinking Waste Services (a further £500,000 will be required to fund vehicle replacements).	0	0	0
2016/17	Revenues & Benefits Shared Service	100,000	100,000	0
2016/17	Festive Lights - (to be made through sponsorship)	29,000	29,000	0
2016/17	Tullie House Grant	214,000	214,000	0
2016/17	Grants to Community Centres	94,000	68,300	25,700
2016/17	Voluntary Redundancy/Vacancy Management	685,600	885,100	(199,500)
2016/17	Digital Information Services	29,400	29,400	0
2016/17	Channel Shift	0	0	0
2016/17	New Savings required from 2015/16 Budget Proposals	0	0	0
		1,201,000	1,375,500	(174,500)
	(Over)/Under achieved			(135,500)
2017/18	Digital Information Services	0		0
2017/18	Rethinking Waste Services (a further £500,000 will be required to fund vehicle replacements).	400,000		400,000
2017/18	Voluntary Redundancy/Vacancy Management	395,000	227,200	167,800
		795,000	227,200	567,800
	Net Recurring Position	1,996,000	1,563,700	432,300
2018/19	Leisure Services Grant	329,000		329,000
2018/19	Assumed income from asset sales	1,000,000	419,900	580,100
2018/19	Voluntary Redundancy/Vacancy Management	150,000		150,000
		1,479,000	419,900	1,059,100
	TOTAL	3,475,000	1,983,600	1,491,400

Summary of Potential New Spending Pressures

Detail		2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Recurring						
Treasury Management	5.2	187	(12)	162	(185)	(353)
Salary Turnover Savings	5.3	119	119	119	119	119
Pension Fund Revaluation	5.4	111	111	111	111	111
Civic Centre Income	5.5	158	158	158	158	158
Lanes Income	5.6	140	0	0	0	0
Homelife	5.7	75	75	75	75	75
Car Parking	5.8	96	96	96	96	96
Clean Up Carlisle	5.9	91	91	91	91	91
Funding Officer	5.10	31	31	31	31	31
Economic Regeneration Team	5.11	24	24	24	24	24
Enterprise Centre Income	5.12	47	47	47	47	47
Community Infrastructure Levy	5.13	80	0	0	0	0
Total Pressures		1,159	740	914	567	399

Summary of Potential New Savings Proposed

Detail	Note	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Changes to Funding						
Council Tax - £5 increase		(37)	(72)	(105)	(135)	(163)
Total Changes to Funding		(37)	(72)	(105)	(135)	(163)
Savings Proposed						
Inflation	6.3	(104)	(104)	(104)	(104)	(104)
Base Budget Review	6.4	(403)	(403)	(403)	(403)	(403)
MRP Review	6.5	?	?	?	?	?
Total of Savings		(507)	(507)	(507)	(507)	(507)

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2016/17		2017/18 Estimate £000	2018/19 Proj £000	2019/20 Proj £000	2020/21 Proj £000	2021/22 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	8,876	8,876	9,725	9,531	11,044	12,466	12,833
Treasury Management	1,984	1,984	1,721	1,684	1,559	854	854
Inflation Projection	226	226	229	229	225	367	367
2016/17 agreed Savings	(609)	(609)	(1,180)	(1,771)	(2,439)	(2,784)	(2,784)
2016/17 agreed Spending	2,442	2,442	1,170	1,252	962	517	517
2016/17 Budget Changes	0	0	0	0	0	0	0
Total Core Expenditure	12,919	12,919	11,665	10,925	11,351	11,420	11,787
Non Recurring Exp:							
Pre 2015/16 approvals	450	450	20	0	0	0	0
2016/17 agreed Savings	(830)	(830)	(1,086)	(399)	(732)	391	391
2016/17 agreed Spending	539	539	66	66	66	0	0
Carry Forwards	541	541	69	10	0	0	0
Use of Earmarked Reserves	0	165	0	0	0	0	0
Total non Recurring Expenditure	700	865	(931)	(323)	(666)	391	391
Total City Council Budget Requirement	13,619	13,784	10,734	10,602	10,685	11,811	12,178
Parish Council Precepts	557	557	544	504	517	530	543
Total Requirement	14,176	14,341	11,278	11,106	11,202	12,341	12,721

EXISTING RESOURCE PROJECTIONS

RESOURCES PROJECTION	2016/17 Original Estimate £000	2016/17 Revised Estimate £000	2017/18 Estimate £000	2018/19 Proj £000	2019/20 Proj £000	2020/21 Proj £000	2021/22 Proj £000
Projected External Finance:							
- Revenue Support Grant	(1,535)	(1,535)	(859)	(449)	0	0	0
- Retained Business Rates (inc Pooling)	(3,712)	(3,712)	(3,812)	(3,954)	(4,166)	(4,311)	(4,413)
- Surplus on Collection Fund	(93)	(93)	(50)	(50)	(50)	(50)	(50)
- C/Tax for Parish Precepts	(557)	(557)	(544)	(504)	(517)	(530)	(543)
- Council Tax Yield	(6,338)	(6,338)	(6,479)	(6,624)	(6,772)	(6,922)	(7,077)
Total Income based on 1.95% Tax increase Projections	(12,235)	(12,235)	(11,744)	(11,581)	(11,505)	(11,813)	(12,083)
Plus Approved Contributions from Balances:							
- Pre 2016/17 non recurring commitments	(172)	(172)	987	333	666	(391)	(391)
- Pre 2016/17 recurring Carry Forwards	(1,241)	(1,241)	(465)	152	(363)	(137)	(247)
- Use of Earmarked Reserves	(528)	(528)	(56)	(10)	0	0	0
	0	(165)	0	0	0	0	0
Total Use of Reserves	(1,941)	(2,106)	466	475	303	(528)	(638)
Total Projected Resources	(14,176)	(14,341)	(11,278)	(11,106)	(11,202)	(12,341)	(12,721)

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000	Projected 31 March 2021 £000	Projected 31 March 2022 £000
Revenue Reserves							
General Fund Reserve	(2,000)	(1,570)	(2,000)	(2,000)	(2,000)	(2,000)	(1,649)
Projects Reserve	(1,511)	0	(36)	(511)	(814)	(287)	0
Carry Forward Reserve	(1,078)						
Conservation Reserve	(117)						
Collection Fund (Carlisle Share only)	227						
Flood Reserve	(500)						
Transformation Reserve	(348)						
EEAC Reserve	(43)						
Building Control Reserve	(137)						
Cremator Reserve	(479)						
Leisure Reserve	(118)						
Economic Investment Reserve	(108)						
Car Parking Reserve	(113)						
City Centre Reserve	(42)						
Welfare Reform Reserve	(200)						
Repairs & Renewals Reserve	(502)	(454)					
Business Rates Volatility Reserve	(110)						
Total Revenue Reserves	(7,179)	(2,024)	(2,036)	(2,511)	(2,814)	(2,287)	(1,649)
Capital Reserves							
Usable Capital Receipts	0	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0	0
Unapplied capital grant	(191)	(191)	(191)	(191)	(191)	(191)	(191)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
CLL Reserve (i)	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(15)	(30)	(45)	(60)	(75)	(90)	(105)
Total Capital Reserves	(776)	(791)	(806)	(821)	(836)	(851)	(866)
Total Usable Reserves	(7,955)	(2,815)	(2,842)	(3,332)	(3,650)	(3,138)	(2,515)
Other Technical Reserves (ii)	(103,725)						
Total All Reserves	(111,680)						

(i) This reserve relates to CLL assets which may need to be replaced at the end of the contract.

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

Report to Executive

Agenda
Item:

A.1(b)(i)

Meeting Date: 21st November 2016
Portfolio: Environment and Transport & Culture, Heritage & Leisure
Key Decision: Yes: Recorded in the Notice Ref:KD 21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2017/2018 – COMMUNITY SERVICES
Report of: The Deputy Chief Executive
Report Number: SD.27/16

Purpose / Summary:

This report sets out the proposed fees and charges for 2017/18 relating to those services falling within the Community Services Directorate.

Recommendations:

The Executive is asked to

- (i) Agree the charges as set out in the body of this report and relevant appendices with effect from 1st April 2017 noting the impact these will have on income generation as detailed within the report.
- (ii) Delegate to the Deputy Chief Executive Officer in consultation with the Portfolio Holder and Chief Finance Officer the agreement of discounts on the car parking permit process within agreed limitations.
- (iii) Delegate to the Deputy Chief Executive Officer in consultation with the Portfolio Holder and Chief Finance Officer the agreement of variations to car parking ticket charges within parameters agreed by the Executive.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 6/12/16 EEOSP 01/12/16 COSP 24/11/16
Council:	

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

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Community Services Directorate and covers City Centre usage by external organisations, Car Parking, Parking Permits, Events, Digital Banner, Old Fire Station, Allotments, Use of Parks, Sports Pitches, Talkin Tarn, Bereavement Services, Waste Services and MOT charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are attached at Appendices, and show the current and proposed level of charge for those services.

2. CORPORATE CHARGING POLICY 2017/18 TO 2021/22

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at Appendix M, was approved by the Executive on 30 August 2016 and Full Council on 13 September 2016 and sets out the City Council's policy for reviewing charges. The principal objectives of setting the charges are:-
 - Recovering the cost of service provision
 - Generate surplus income (where permitted)
 - Maintain existing service provision
 - Fund service improvements or introduction of new services(s)
 - Manage demand for service(s)
 - Promote access to services for low-income households
 - Promote equity or fairness
 - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. CITY CENTRE MANAGEMENT & EVENTS

3.1 CITY CENTRE

- 3.1.1 The City Council exercises its powers, set out in Section 115 of the Highways Act 1980, to charge reasonable expenses for events and activities undertaken in the pedestrianised area and other relevant parts of the City Centre.
- 3.1.2 For 2017/18 it is proposed that the City Council increases its charges for usage of the City Centre by 3%. This uplift should be applied to the full range of uses outlined in the Appendix A.

3.2 CAR PARKING

- 3.2.1 Income derived from ticket sales, saver permits, penalty notices and other uses of the City's car parks accounts for approximately £1.1m each year.
- 3.2.2 During 2016/17 total income is broadly in line with expectations and despite some ongoing issues with post flood recovery work the level of ticket sales and saver permits are collectively meeting target.
- 3.2.3 During the current financial year (2016/17) the car parking service has been working to income targets that have been set at £100k less than the MTFP. This was agreed during the 2015/16 budget preparation. The service is due to revert to the previous MTFP targets in 2017/18. With the proposed increases in car parking fees and taking into account improvements in the service offered it is now proposed to reduce this 'budget pressure' to £60k for one further year. This proposal will be reflected in the forthcoming budget as a non-recurring budget pressure
- 3.2.4 It is proposed that the agreement of variations to car parking ticket charges within parameters agreed by the Executive be delegated to the Deputy Chief Executive Officer in consultation with the Portfolio Holder and Chief Finance Officer.
- 3.2.5 In addition to the charges proposed above in 3.2.3 it is also proposed that the Talkin Tarn 'membership' be increased as laid out in Appendix B.
- 3.2.6 Finally in this section it is proposed that the agreement of discounts for the sale of permit packages with local employers be delegated to the Deputy Chief Executive Officer in consultation with the Portfolio Holder and Chief Finance Officer. Current charges shown in Appendix C.

This delegation will assist the City Council when we are looking to capture business from City Centre based businesses and in particular larger employers.

4. NEIGHBOURHOODS AND GREEN SPACES

4.1 ALLOTMENTS

The Allotments Act 1908 placed an obligation on Local Authorities to provide allotments and the City Council currently owns approximately 70 sites of varying size, a growing number of which are now under self-management by tenants groups.

The charge for allotments is based on the size of the plot and has remained at 25p per square metre for the last 2 years. We now propose to raise the charge to 30p in order to better reflect the cost of the service. While this is an over-inflationary increase we believe it is reasonable and would mean the standard rate for a 100sq.m plot would go up from £25 per year to £30 as shown in Appendix D.

It is proposed that - The pensioner discount for anyone over 60 will also be removed so that all plot-holders pay the same standard rate.

4.2 USE OF PARKS CHARGES

4.2.1 The City's parks are frequently used for activities and events. These are generally well attended and are a source of additional usage and income. They do however also generate additional costs in terms of maintenance and cleanliness.

4.2.2 At present our parks are used for a mixture of charitable, low key, large and commercial events and activities. The fees proposed in Appendix E all represent a small inflationary increase designed to help offset the increasing cost of maintenance.

4.3 MEMORIALISATION IN GREEN SPACES

4.3.1 It is proposed that memorialisation fees for Park Benches (the particular design of the bench would be specific and appropriate to the open space it was in) with plaque remain at £1,133 including 5 years maintenance.

Over time it is intended to develop further opportunities for Memorialisation in Green Spaces to meet the demand from the public.

4.4 FOOTBALL PITCHES

- 4.4.1 From 2017-18 we propose to withdraw the 'single match' booking option as it is not financially sustainable and can result in a poor service to hirers. For the teams taking up a season ticket we will provide a service standard so they are clear, in advance, what they can expect from the City Council and they will have a clear path of recourse if we fail to deliver the standard of service indicated. As shown in Appendix F.
- 4.4.2 Ultimately we would like to move to a position where clubs have the option of leasing a pitch at a peppercorn and then carrying out more of the preparation themselves (white lines, goal posts, corner flags etc.). This is currently being trialled at California Road and if successful we would look to roll it out at a number of other sites.
- 4.4.3 Further to the above it is also proposed to increase all other pitch fees by a rounded 3% amount.

4.5 TALKIN TARN (Other Activities and Hires)

- 4.5.1 The proposal for the other fees attributable to Talkin Tarn is to increase these by 3% in line with anticipated inflation costs as shown in Appendix G.

5. BEREAVEMENT SERVICES

- 5.1 Services provided by the City Council via Bereavement Services represent a significant portion of the Council's income. The service currently receives approximately £1.3m per year from cremations and our cemeteries.
- 5.2 The costs associated with providing these services and attending to the maintenance and upkeep of our crematorium and cemeteries are rising and accordingly we propose to increase all the charges in this area by 3% in line with expected inflation on costs as shown in Appendix H.

6. OLD FIRE STATION

- 6.1 The Old Fire Station has now reopened after extensive works resulting from the December 2015 floods. The pricing review of the venue has concluded that room hire rates should be reduced (or be held at 2015/16 levels) during the day time and

increased in the evenings. This reflects the market demand experienced during the first year of operation. As shown in Appendix I

7. TOURIST INFORMATION CENTRE/ (TIC)

7.1 Ticket & retail sales – The Tourist Information Centre operates as a Ticket Agent for many local and national organisations.

7.2 It is considered that there is little scope for increasing the commission charges as they are usually set by the company, however, with increasing the sales of Tickets through promotion and looking for new ticket agency opportunities we could increase the income.

7.3 The Charges for the hire of the Assembly Room are currently set at £70 per session as listed below:

Assembly Room Hire	Charge £
Charges per session as follows:	
Mornings 9:30 – 1.00	70.00
Afternoons 1.30 – 5.00	70.00
Mornings & Afternoons 9:30 -5.00	140.00
Evenings 6.30 – 10.00	70.00
Afternoons & Evenings 1.30 – 10.00	140.00
Each additional hour	25.00

N.B. For uses by the following groups and organisations discounts of 50% for mornings/Afternoons, 37.5% for Evenings and 50% for double sessions including Evenings will be allowed:

- i. Registered Charities
- ii. O.A.P. Groups
- iii. Other community groups e.g. community organisations, unemployed groups etc.

7.4 It is not proposed that any increases in room hire are applied to the Tourist Information Centre.

8. DIGITAL BANNER & CARLISLE FOCUS

8.1 It is proposed that the charges for promotion via the digital Banner on the side of the Civic Centre be increased to reflect market interest. It is not proposed that advertising costs in Carlisle Focus be increased. As shown in Appendix I.

9. WASTE SERVICES AND STREET CLEANSING

The current charge for bulky waste collections is £20 for up to three items; it is proposed to increase this to £21 for a maximum of three items.

- 9.1 In order to provide our customers with more options for purchasing replacement refuse and garden waste bins, we will continue to offer the option of a reconditioned bin for £15.
- 9.2 Developers will continue to be charged for the cost of supplying households on new developments for the first set of waste and recycling containers.
- 9.3 The overall intention of the charging regime is to promote a responsible choice of containers and increase accountability with the benefit of waste minimisation and an improved streetscene. The proposals for all waste receptacles are contained in Appendix J complete with a comment explaining the minor uplift or continuation of the charge.

10. GARAGE CHARGES

- 10.1 The City Council provides garage services for its own fleet and other fee paying customers. MOT testing services are provided for £45, this charge is not proposed for increase in 2017/18.

11. ENFORCEMENT CHARGES

- 11.1 A significant number of the charges associated with enforcement activity are not open to local increases and are defined by legislation. The table in Appendix K clearly outlines these set costs. In addition to these the City Council does have discretion to set charges on the accommodation of stray dogs. The proposed increase in this category reflect the increasing costs of providing such services and have been increased by approximately 3%.

12. SUMMARY OF INCOME

12.1 The original 2016/17 budgets and 2017/18 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2016/17 £	MTFP Target 2017/18 £	Original Estimate 2017/18 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	28,000	28,800	28,800	0
Dog Policy EPA	8,600	8,900	8,900	0
Bereavement Services	1,302,700	1,341,500	1,341,500	0
Allotments	15,100	15,500	15,500	0
Special Collections	52,300	53,900	53,900	0
Sports Pitches	13,900	14,300	14,300	0
Car Parking	1,082,400	1,210,800	1,150,800	60,000
MOT Testing	6,100	6,200	6,200	0
Assembly Rooms	2,500	2,600	2,600	0
Event Assets	600	600	600	0
Carlisle Focus Advertising	2,100	2,200	2,200	0
Advertising	17,300	37,800	37,800	0
OFS – Ticket Sales	56,200	57,900	57,900	0
OFS – Room Lettings	11,900	12,300	12,300	0
OFS – Commercial Lettings	3,700	3,700	3,700	0
	2,603,400	2,797,000	2,737,000	60,000
Talkin Tarn Car Park	37,100	38,200	38,200	0
Total	2,640,500	2,835,200	2,775,200	60,000

12.2 The charges highlighted within this report will result in an anticipated level of income of £ 2,775,200 against the MTFP target of £2,835,200. This represents a shortfall of £60,000 against the MTFP target.

13. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 13.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2017 noting the impact these will have on income generation as detailed within the report.

14. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Darren Crossley

Ext: 7004

Appendices attached to report: Appendices A - M

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive – not applicable

Economic Development – not applicable

Governance – All new charges or changes to existing charges, unless specifically approved, require the approval of the Executive in accordance with Financial Procedure Rules (D31).

Resources – The charges highlighted within this report will result in an anticipated level of income of £ 2,775,200 against the MTFP target of £2,835,200. This represents a shortfall of £60,000 against the MTFP target. This will be included in the budget process as a pressure on Council resources.

Appendix A

CITY CENTRE EVENTS CHARGES				
Event Type	Current Charges 2016/17	Proposed Charges 2017/18	Comment 2017/18	
Charities, education and public information events	No charge	No charge		
Large Commercial Markets	£1,000 per day	£1030 per day		
Farmers Markets (e.g. Local Traders)	£15.50 per stall per day	£16 per stall per day		
Large Children's Ride	£85 per ride per day	£88 per ride per day		
Small Children's Ride	£65 per ride per day	£67 per ride per day		
Commercial Promotions	Daily charge per 3m x 3m or 9m ² pitch			
	One pitch £60	One pitch £62		
	Two pitches £120	Two pitches £124		
	Three pitches £180	Three pitches £185		
	Four pitches £240	Four pitches £247		
	Max charge = £240	Max charge = £247		
Large Commercial Promotions	-	£500 per promotion		
Commercial Promotions Cancellations and No Shows	-	Daily Rate	Full daily rate of the promotion to cover staffing costs and loss of income	
Face 2 Face Charity Fundraising promotions (chuggers)	£10 per person per day	No Charge		
Large Events	£1000 per day	£1030 per day	A large event would occupy all available space in the City Centre	
Pavement Cafés				
County Council administration fee payable when license granted	£20	£21		
City Council administration fee, payable annually to cover:				
- Up to 2 tables and 4 chairs	£120	£122		
- Each additional table and 2 chairs	£35	£36		
- Legal fee for preparation of licence				
	TBC	TBC		
CCTV Subject Access Request in Car Parks	£10.50	£10	Limited to £10 by statute	
CCTV other requests (copying cost)	£10.50	£10		

Appendix B

CAR PARKS TICKET CHARGES			
TOWN DYKE ORCHARD TARIFF STRUCTURE			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£3.00	£3.10	
4 to 6 hours (new band)	£5.00	£5.10	
6 to 9.5 hours	£10.00	£10.00	
CIVIC CENTRE			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£3.00	£3.10	
4 to 9.5 hours	£10.00	£10.00	
BITTS PARK			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.40	£2.50	
3 to 4 hours	£3.00	£3.10	
4 to 9.5 hours	£5.00	£5.10	
LOWTHER STREET			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.40	£2.50	
3 to 4 hours	£3.00	£3.10	
4 to 9.5 hours	£5.00	£5.10	
PADDY'S MARKET THE SANDS			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.10	
2 to 3 hours	£2.20	£2.30	
3 to 4 hours	£2.80	£2.90	
4 to 6 hours	£3.40	£3.50	
6 to 9.5 hours	£4.00	£4.10	
UPPER VIADUCT (VIADUCT)			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.20	£2.30	
3 to 4 hours	£2.60	£2.70	
4 to 6 hours (new band)	£3.00	£3.10	
6 to 9.5 hours	£3.50	£3.60	

Appendix B Cont.

SWIFT'S BANK			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.20	£2.30	
3 to 4 hours	£2.80	£2.90	
4 to 6 hours (new band)	£3.40	£3.50	
6 to 9.5 hours	£4.00	£4.10	
CECIL STREET			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.60	£1.70	
2 to 3 hours	£2.10	£2.20	
3 to 4 hours	£2.50	£2.60	
4 to 6 hours (new band)	£3.00	£3.10	
6 to 9.5 hours	£3.50	£3.60	
LOWER VIADUCT (RIVERSIDE)			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.70	£1.80	
2 to 3 hours	£2.20	£2.30	
3 to 4 hours	£2.60	£2.70	
4 to 6 hours (new band)	£2.60	£2.70	
6 to 9.5 hours	£2.60	£2.70	
DEVONSHIRE WALK (CASTLE)			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Up to 1 hour	£1.00	£1.10	An increase of 10p across all tariff bands is proposed
1 to 2 hours	£1.60	£1.10	
2 to 3 hours	£2.10	£2.20	
3 to 4 hours	£2.50	£2.60	
4 to 6 hours (new band)	£2.50	£2.60	
6 to 9.5 hours	£2.50	£2.60	
Minibuses and Motorhomes (new charge)		£4.60	
MARKS AND SPENCER CAR PARK			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Monday to Wednesday between 8.30am and 6pm, Thursday between 8:30am and 5pm, Friday to Saturday between 8am and 6:30pm	Up to 1 hour - £1.00	Up to 1 hour - £1.00	
	1-2 Hours £2.00	1-2 Hours £2.00	
Sunday (including Bank Holidays & Public Holidays) between 10:30am and 5pm	Up to 2 hours £2.00	Up to 2 hours £2.00	
TALKIN TARN			
Tariff Band	2016/17 Charge	Proposed Charge 2017/18	2017/18 Comment
Monday to Sunday (including Bank Holidays & Public Holidays) between 10am and 6pm	Cars - up to 1 hour £1.00	Cars - up to 1 hour £1.10	
	Cars - over 1 hour £2.20	Cars - over 1 hour £2.25	
	Minibuses - up to 12 hrs £4.40	Minibuses - up to 12 hrs £4.50	
	Coaches - up to 12 hrs £5.50	Coaches - up to 12 hrs £5.60	
	£52.00	£104.00	
ANNUAL MEMBERSHIP PARKING PERMIT			

Appendix C

CAR PARK PERMIT CHARGES						
Car Park	2016/17 charges		2017/18 charges		2017/18 charges (Equivalent daily charge £)	Comments 2017/18
	Permits valid work days (5 out of 7)	Permits valid work days (5 out of 7)	Permits valid work days (5 out of 7)	Permits valid work days (5 out of 7)	Annual (Daily) charge for pro-rata across range of products	
	Annual	Monthly	Annual	Monthly		
Civic Centre	£2,600	£227	£2,600	£227	£10	No proposed increase. As in previous years inclusion of the rate of inflation will require an increase on each tariff band which could be more detrimental to the charges and may reduce the overall income
Town Dyke Orchard	£900	£86	£900	£86	£3.45	
Bitts Park	£650	£63	£650	£63	£2.50	
Lowther St	£650	£63	£650	£63	£2.50	
Paddy's Market	£520	£50	£520	£50	£2.00	
The Sands	£520	£50	£520	£50	£2.00	
Swifts Bank (subject to availability for public use)	£120	£12	£120	£12	£1.15	No proposed increase. As in previous years inclusion of the rate of inflation will require an increase on each tariff band which could be more detrimental to the charges and may reduce the overall income
Upper Viaduct	£455	£44	£455	£44	£1.75	
Lower Viaduct	£250	£26	£250	£26	£0.96	
Devonshire Walk	£225	£24	£225	£24	£0.87	

Appendix D

ALLOTMENT CHARGES				
TYPE OF CHARGE	2016/17 Charge	Proposed Charge	2017/18	2017/18 Comment
Rental	25p per square metre	30p per square metre		Has been held for two years and now increased by 5p to reflect costs of delivering the service
Water Supply	£11.35 for the year	£11.35 for the year		Will increase as per inflation

Appendix E

USE OF PARKS CHARGES					
TYPE OF ACTIVITY/EVENT	2016/17 Charge		Proposed Charge 2017/18		2017/18
	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT	LARGE EVENT INC CATERING PER EVENT		Comment
			MINIMUM FEE		
*Low key' commercial use – & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£62 per day	N/A	£64 per day	N/A	Increase by inflation
*Fun Fairs	1-10 rides/stalls £324 plus VAT per open day 11-15 rides/stalls £443 plus VAT per open day 16-20 rides/stalls £567 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £334 plus VAT per open day 11-15 rides/stalls £456 plus VAT per open day 16-20 rides/stalls £584 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	Increase by inflation
*Fun Fairs Building & Derigging Charges	1-10 rides/stalls £81 plus VAT per day 11-15 rides/stalls £111 plus VAT per day 16-20 rides/stalls £142 plus VAT per day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £83 plus VAT per day 11-15 rides/stalls £114 plus VAT per day 16-20 rides/stalls £146 plus VAT per day Over 20 rides/stalls by negotiation	N/A	Increase by inflation
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£227 plus re-instatement cost	£227/ per day plus re-instatement cost	£234 plus re-instatement cost	£234/ per day plus re-instatement cost	Increase by inflation
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,112 plus re-instatement	£1,112 per customer/per day plus re-instatement costs	£1,145 plus re-instatement	£1,145 per customer/per day plus re-instatement costs	Increase by inflation
Fully Commercial Events – takings from sale of consumables (additional charge)	£50 per catering unit	£50 per catering unit	£52 per catering unit	£52 per catering unit	Increase by inflation
NB The above charges are subject to VAT where applicable.					
MEMORIALISATION IN GREEN SPACES					
The Green Spaces team receives frequent requests for memorials in parks, particularly for benches. At present there are no set fees with each considered individually. It is intended therefore to bring these in line with the Bereavement Services memorialisation fees.					
Park Bench* with plaque - £1133 including 5 years maintenance.					
*The particular design of the bench would be specific and appropriate to the open space it was in					
Over time it is intended to develop further opportunities for Memorialisation in Green Spaces to meet the demand from the public.					

Appendix F

FOOTBALL PITCHES CHARGES				
SPORTS PITCHES TYPE OF USE	Existing Charge 2016/17	Proposed Charge 2017/18	Comment 2017/18	
Senior Clubs/match	£62.00	£64.00	Withdraw this facility	
Junior Clubs/match	£31.00	£32.00	Withdraw this facility	
Pitch and Accommodation/Season*				
Senior Clubs	£580.00	£597.00		
Junior Clubs	£175.00	£180.00		
*Includes use of showers, changing facilities and training room if available				
Pitch Only/Season				
Senior Clubs	£221.00	£228.00		
Junior Clubs	£67.00	£69.00		
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Penalty 2016/17	Proposed Penalty 2017/18	Comment 2017/18	
Senior Clubs/match	£80.00	£80.00		
Junior Clubs/match	£80.00	£80.00		

Appendix G

TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES			
TALKIN TARN OTHER ACTIVITIES	2016/17 Charge	2017/18 Proposed Charge	2017/18 COMMENT
Education Cabin Hire	£33/half day	£34/half day	
	£62/full day	£64/full day	
	£7.50/hr, min. charge 2 hrs	£7.70/hr, min. charge 2 hrs	
Alex Boathouse Hire	15% of any takings	15% of any takings	
Water Sports Day Permit	£7.50	£7.70	
Annual Water Sport Permit	£345 (For Groups)	£355 (For Groups)	
	£118.50 (For Individuals)	£122.00 (For Individuals)	
Fishing Permit	£3.00 adult per day	£3.10 adult per day	
	£2.00 child per day	£2.10 child per day	
	£31 Annual Permit	£32 Annual Permit	
Annual Registration Fee for Swimming	£10.50 per adult	£10.80 per adult	

Appendix H

BEREAVEMENT SERVICES CHARGES			
Product/Service	2016/17 Charge	2017/18 Proposed Charge	2017/18 Comment
CREMATION - VAT NOT INCLUDED			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	162.00	167.00	
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	772.50	796.00	
Cremation Body Parts, Blocks and Slides	78.50	81.00	
Additional copies of Cremation Certificates	25.00	26.00	
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	25.00	26.00	
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	47.50	49.00	
Additional 40 minute service time for Cremation	124.00	128.00	
MISCELLANEOUS - VAT NOT INCLUDED			
Use of Chapel of Rest/Chilled Storage 24 hours	18.00	18.50	
48 hours	33.00	34.00	
72 hours	46.50	48.00	
Placing of Cremated Remains from away in Garden of Remembrance/Woods	62.00	64.00	
Postage of Cremated Remains (UK)	49.50	51.00	
Containers Plastic Urn	18.50	19.00	
Metal Urn	28.50	29.00	
Casket	43.50	49.00	
Baby Urn	7.00	7.20	
Others	POA	POA	
For Provision of each Bearer at Cremation (minimum of 1 member of Bereavement Services staff plus newbier)	18.50	19.00	
BURIAL - VAT NOT INCLUDED			
Interment NVF ,Stillborn or Child up to 1 month	FOC	FOC	
Interment of child 1 month to 17 years	103.00	106.00	
Interment over 18 years	695.00	716.00	
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	391.00	403.00	
Interment over 18 years (out of hours: Mon-Sat)	927.00	955.00	
Interment of child 1 month to 17 years (out of hours: Sunday)	484.00	498.50	
Interment over 18 years (out of hours: Sunday)	1,004.00	1,034.00	
Interment of child 1 month to 17 years (out of hours: Bank Hols)	530.50	546.00	
Interment over 18 years (out of hours: Bank Hols)	1,081.50	1,114.00	
Interment of Cremated Remains (Per Set)	211.00	217.00	
Interment of Body Parts, Blocks and Slides	62.00	64.00	
Purchase of Exclusive Right of Burial			
NB Choice of 2 periods: 30 years and 50 years			
30 Year Term			
Grave used for burial of child up to 18 years	67.00	69.00	
Grave used for burial of person over 18 years	660.00	680.00	
Grave used for burial of Cremated Remains	231.50	238.50	
50 Year Term			
Grave used for burial of child up to 18 years	87.50	90.00	
Grave used for burial of person over 18 years	1,107.00	1,140.00	
Grave used for burial of Cremated Remains	386.00	397.50	

Appendix H Cont.

BEREAVEMENT SERVICES CHARGES			
Product/Service	2016/17 Charge	2017/18 Proposed Charge	2017/18 Comment
WOODLAND BURIAL			
30 Year Term			
Adult Grave for two burials	515.00	530.00	
Adult Grave for one burial	257.50	265.00	
Grave for Cremated Remains	257.50	265.00	
50 Year Term			
Adult Grave for two burials	855.00	880.00	
Adult Grave for one burial	427.50	440.00	
Grave for Cremated Remains	427.50	440.00	
Recycled Graves			
Adult burial only	639.00	658.00	
Erection of Memorial etc			
Placing a Headstone/Monument to cover one grave space	170.00	175.00	
Placing a Headstone/Monument to cover two grave spaces	340.00	350.00	
Placing a Headstone/Monument to cover three grave spaces	510.00	525.00	
Placing an additional inscription or memorial vase	67.00	69.00	
Replacement of existing Headstone	82.50	85.00	
USE OF BURIAL CHAPELS - VAT NOT INCLUDED			
Richardson Street	124.00	128.00	
Stanwix	124.00	128.00	
MISCELLANEOUS - VAT NOT INCLUDED			
Transfer of Grave Rights/Statutory Declaration	50.00	51.50	
Re turf graves <i>(at management discretion)</i>	28.50	29.00	
Search Records (with date supplied)	21.00	22.00	
Search Records (no date/vague date supplied)	26.00	27.00	
Seat Maintenance	100.00	103.00	
Discretionary charge to Funeral Directors exceeding allocated service time	62.00	64.00	
Use of organ	20.00	21.00	
Location and on-site identification of grave spaces	35.00	36.00	
MEMORIALISATION FEES – VAT INCLUDED			
Book of Remembrance			
2 line entry	67.00	69.00	
5 line entry	134.00	138.00	
5 line entry + Flower Emblem or Badge	191.00	196.00	
8 line entry	149.00	153.00	
8 line entry + Flower Emblem or Badge	221.50	228.00	
Remembrance Cards			
2 line entry	44.00	45.00	
5 line entry	74.00	76.00	
5 line entry + Flower, Emblem or Badge	139.00	143.00	
8 line entry	93.00	96.00	
8 line entry + Flower, Emblem or Badge	154.50	159.00	
Baby Book of Remembrance			
Per line	10.50	10.80	
Motifs	69.50	72.00	
Granite Plaques			
2 lines inscribed	417.00	430.00	
3 lines inscribed	469.00	483.00	
4/5 lines inscribed	546.00	562.00	
Each reserved line inscribed	88.00	91.00	
Bronze Plaques			
2 up to 4 lines inscribed	314.00	323.00	
Replacement Bronze Plaque	121.00	125.00	
Sheepfold Plaque	371.00	382.00	
Hardwood Seats (inc. 5 years maintenance)			
Hardwood Seat	1,133.00	1,167.00	
Recording of Cremation Service	62.00	64.00	
Heather Garden Memorials			
Sanctum 2000	1,030.00	1,030.00	
Extra letters/figures	6.00	6.20	
Replacement Plaque	268.00	276.00	
Memorial Vase and Tablet	551.00	567.50	
Replacement Plaque	257.50	265.00	
New Sanctum 12's	639.00	658.00	
Extra letters/figures	6.00	6.20	
Flower Vase holder	26.00	27.00	
Replacement Plaque	283.00	291.50	
New Octagon Planter Plaques	257.50	265.00	
Replacement Plaque	108.00	111.00	
Mushroom Plaques	257.50	265.00	

Appendix I

EVENT ASSET CHARGES				2017/18 Comment
DESCRIPTION	2016/17 Charge	Proposed Charge	2017/18	
Stalls	£50/day	£50/day	No changes proposed.	
Tables	£5/day	£5/day	No changes proposed.	
DIGITAL BANNER CHARGES				
Digital Banner commercial use	£100-£150 per slot	£120-£200 per slot	Increase to reflect market demand	
Digital Banner event support	£75-150 per slot	£60-£100	50% reduction on market rates	
CHARGE FOR CARLISLE FOCUS				
Carlisle Focus Magazine	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	None	
OLD FIRE STATION CHARGES				
TICKET SALES				
Carlisle City Council Promoted Events & Performances	£0-£25 per ticket			Ticket prices for events will be considered individually and informed by the artist fees and likely market demand.
ROOM HIRE - THE ENGINE ROOM (NON TICKETED NON PERFORMANCE EVENTS)				
½ Day (4 hours) Commercial / Private Rate 09.00-17.00	£150.00	£125.00	Reduction to reflect market demand and increase bookings	
½ Day (4 hours) Charitable Group Rate 09.00-17.00	£100.00	£80.00	Reduction to reflect market demand and increase bookings	
Full Day (8 hours) Commercial / Private Rate 09.00-17.00	£250.00	£225.00	Reduction to reflect market demand and increase bookings	
Full Day (8 hours) Charitable Group Rate 09.00-17.00	£165.00	£145.00	Reduction to reflect market demand and increase bookings	
Evening Commercial / Private Rate 18.00-23.00	£200.00	£400.00	Reduction to reflect market demand and increase bookings	
Evening Charitable Group Rate 18.00-23.00	£125.00	£200.00	Increase to reflect market demand	
ROOM HIRE - THE DORMITORY				
Hourly Commercial / Private Rate	£21.00	N/App		The Dormitory has been transferred into a permanent gallery space in partnership with the University of Cumbria. The City Council will be in receipt of an annual income in lieu of the lost room hire charges.
Hourly Charitable Group Rate	£15.00	N/App		
Full Day (8 Hours) Commercial / Private Rate 09.00-17.00	£125.00	N/App		
Full Day (8 hours) Charitable Group Rate 09.00-17.00	£85.00	N/App		
Evening Commercial / Private Rate 18.00-23.00	£125.00	N/App		
Evening Charitable Group Rate 18.00-23.00	£85.00	N/App		
ROOM HIRE - THE PARQUET ROOM				
Hourly Commercial / Private Rate	£25.00	£20.00	Reduction to reflect market demand and increase bookings	
Hourly Charitable Group Rate	£17.00	£15.00	Reduction to reflect market demand and increase bookings	
Full Day Commercial / Private Rate 09.00-17.00	£150.00	£150.00	No changes proposed.	
Full Day Charitable Group Rate 09.00-17.00	£100.00	£100.00	No changes proposed.	
Evening Commercial / Private Rate 18.00-23.00	£150.00	£150.00	No changes proposed.	
Evening Charitable Group Rate 18.00-23.00	£100.00	£100.00	No changes proposed.	
Alongside all the hourly, daily and evening rates quoted above a further charge will be levied to organisations if their booking requires any specialist set up or take down of furniture / equipment etc, or staffing outside of office hours, or provision of services such as a bar, or the dedicated use of McGreows. This will be a direct recharge of any hourly rates for staff used. For ticketed performance conducted by a third party promoter a door split arrangement is often agreed in lieu of a standard hire fee, it is proposed that the agreement of such split deals is delegated to the Deputy Chief Executive.				
COMMERCIAL SPACE/OFFICE LETTINGS				
Unit 2	£1,200 per annum	£1,200 per annum	No changes proposed	
Unit 3 (15.5 Metres2)	£1,200 per annum	£1,200 per annum	No changes proposed	
Unit 4 (17 Metres2)	£1,200 per annum	£1,200 per annum	No changes proposed	
Unit 5 (7.5 Metres2)	£600 per annum	£600 per annum	No changes proposed	
Unit 6 (6 Metres2)	£450 per annum	£450 per annum	No changes proposed	
A service charge, payable in addition to the rent will be levied to reflect a fair proportion of the cost of the provision of support services including, but not exhaustively, repairs, rates, building insurance, utilities, cleaning of common parts, security etc. This will be calculated based on a proportionate share of the overall building costs.				

Appendix J

WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2016/17 Charge	Proposed 2017/18 Charge	2017/18 COMMENT
Refuse Bin (Grey)			
140 litre	£20.00	£20.00	No change
240 litre	£37.00	£38.00	3% uplift + rounding to nearest £1.00
Reconditioned Refuse Bin (240 litre)	£15.00	£15.00	No change – reasonable rate to offer residents unable / unwilling to pay the cost of a new replacement wheeled bin. * See note below
160 litre Standard Seagull Sack	£16.00 delivered £8.00 collected	£16.50 delivered £8.50 collected	3% uplift + rounding to nearest £0.50p
90 litre Seagull Sack	£8.00 delivered Free collected	£8.00 delivered Free collected	Half-price if collected.
Garden Waste Bin (Green)	Replacement Only £37.00	Replacement Only £38.00	No change – smaller bags encourage residents to recycle
240 litre			3% uplift + rounding to nearest £1.00
Box Hat	Free	Free	
Euro Bin	£310.00 + Delivery Cost	£320.00 + Delivery Cost	No change
			3% uplift + rounding to nearest £5
<p>Note * A 'reconditioned' wheeled bin may be provided without charge at the discretion of the Neighbourhood Services and Enforcement Manager to reflect exceptional / unusual individual circumstances with each case considered on its own merits.</p>			

Appendix K

ENFORCEMENT CHARGES			
DESCRIPTION OF CHARGE	Existing Charge 2016/17	Proposed Charge 2017/2018	COMMENTS 2017/18
<u>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES</u> <u>(Inclusive – VAT not applicable)</u>			
Dog Fouling Order**	£80.00	£80.00	These charges are governed by legislation
Dog Fouling Order** – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Fly Posting**	£80.00	£80.00	These charges are governed by legislation
Fly Posting – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Graffiti**	£80.00	£80.00	These charges are governed by legislation
Graffiti – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Dogs not on Lead Order**	£80.00	£80.00	These charges are governed by legislation
Dogs not on lead – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Waste Receptacles – (CEN)	£80.00	£80.00	These charges are governed by legislation
Waste Receptacles – (CEN)- Paid within 7 days	£60	£60	These charges are governed by legislation
Failure to Produce a Waste Transfer Note	£300.00	£300.00	These charges are governed by legislation
Environmental Protection Act - Litter	£80.00	£80.00	These charges are governed by legislation
Environmental Protection Act - Litter – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	£80.00	£80.00	These charges are governed by legislation
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00	These charges are governed by legislation
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00	These charges are governed by legislation
Community Protection Notices**	£100.00	£100.00	These charges are governed by legislation
Community Protection Notices** paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Public Spaces Protection Orders**	£100.00	£100.00	These charges are governed by legislation
Public Spaces Protection Orders** – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Abandoned Vehicles FPN	£200	£200	These charges are governed by legislation
<u>STRAY DOGS (Inclusive – VAT not applicable)</u>			
Day 1	£61.33	£65.00	
Day 2	£76.90	£80.00	
Day 3	£92.47	£100.00	
Day 4	£108.04	£115.00	
Day 5	£123.61	£130.00	
Day 6	£139.18	£145.00	
Day 7	£154.75	£160.00	
* One-off registration fees.			
** The range of penalty charges for these are defined by legislation and range between £50 - £80 or £75 - £80 (waste receptacles) or up to £100 (CPNs and PSPOs)			
+ The charges are defined by legislation			

Appendix L

CAR PARK CHARGES FOR ALTERNATIVE USES						
CAR PARK	2016/17 Charge	Proposed Charge 2017/18			2017/18 Comment	
		Essential/ Commercial at current rate	Trading			
			E	C		
Civic Centre	£10.00	£10.00	N/A	N/A	N/A This is our most valuable car parking asset, it is not commercially viable to hold events on this car park. We would allow essential but not commercial activity on this car park	
Town Dyke Orchard	£10.00	£10.00	£10.00	P.O.A	N/A This is marketed as a shoppers car park and it is not commercially viable to hold events on this car park. We would allow essential and commercial activity on this car park	
Bitts Park	£5.00	£5.00	£5.00	P.O.A	This car park is used for the play park and shoppers but we would allow use for events such as Race For Life, essential works such as maintenance to the flood defences, commercial and trading activity such as an ice-cream van in the summer	
Lowther Street	£5.00	£5.00	N/A	N/A	N/A This car park is at capacity for permit holders and pay & display. Any commercial or trading activity could impact on the efficiency of this car park	
Paddy's Market	£4.00	£4.00	£4.00	P.O.A	This is a little used car park and we would allow any other types of activity to encourage use and additional income streams	
The Sands	£4.00	£4.00	£4.00	P.O.A	This car park has a lot of capacity and is underused by permit and p&d customers. It is also well used for event parking because of it's proximity to the Sands Centre and Bitts park	
Swifts Bank	£4.00	£4.00	£4.00	P.O.A	Mon-Friday Essential or statutory use only. Weekends only for any Commercial Trading	
Upper Viaduct	£4.00	£4.00	£4.00	P.O.A	This car park has a lot of capacity and is underused by permit and p&d customers. It is also conveniently placed for most activities	
Cecil Street	£3.50	-	-	-	This car park is no longer managed by Carlisle City Council and not available for events through City	
Devonshire Walk	£3.00	£3.00	£3.00	P.O.A		
Lower Viaduct	£3.00	£3.00	N/A	N/A	This is our most successful car park, it is not commercially viable to hold events or allow trading on this car park	

APPENDIX M

CORPORATE CHARGING POLICY 2017/18 TO 2021/22

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

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

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

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

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

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

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

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

4. Trading

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

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

5. Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(ii)

Meeting Date: 21 November 2016
Portfolio: Economy, Enterprise and Housing
Key Decision: Yes: Recorded in the Notice Ref:KD.21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2017/18 - ECONOMIC DEVELOPMENT
Report of: CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number: ED 45/16

Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate.

Recommendations:

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1st April 2017, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 6/12/16; COSP 24/11/16; EEOSP 1/12/16
Council:	N/A

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Economic Development Directorate. This report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.

2. CORPORATE CHARGING POLICY 2017/18 TO 2021/22

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix 2, was approved by the Executive on 30 August 2016 and Full Council on 13 September 2016 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:
 - Recover cost of service provision;
 - Generate Surplus Income (where permitted);
 - Maintain existing service provision;
 - Fund service improvements or introduction of new service(s);
 - Manage demand for service(s);
 - Promote access to services for low-income households;
 - Promote equity or fairness;
 - Achieve wider strategic policy objectives (e.g. encouraging green policies);
- 2.2 The MTFP currently assumes an income target of £662,600 for the financial year 2017/18 reflecting an increase of 3% on 2016/17 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Corporate Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. PLANNING SERVICES

Development Control Income

- 3.1 Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application received. Generally, the larger the application, the larger the fee. The City Council has no control over either the number of applications received or the type of application. The planning fees were last increased 2013/14 and although there are attempts to have localised fee setting and some debate about planning fees, there are no details of further increases or changes to the national system proposed at the moment. The Government introduced a number of changes to permitted development rights in 2014/15 along with increases to the type of development the subject of prior approval applications rather than full planning permission. Fees for prior approvals for a change of use are £80 or £172 depending on category. All types were previously £385 per application. Loss of income is either £213 or £305 depending on application type.
- 3.2 During 2015/16 there was a significant increase in income from renewables with over £152,000 received in the first 6 months of the financial year from this type of application. The majority of this income was from large solar panel farms following a Government Statement in July 2015 that the Renewables Obligation would be reduced. Schemes eligible for the tariff had to be installed by the end of March 2016 and as identified the increase in income only applied to the financial year 2015/16.
- 3.3 For 2016/17, the target for income was set at £642,200 And 6 months into the year income is currently 10% below target. Given the indeterminate nature of fee income from planning applications it is difficult to predict with accuracy that current budget levels will be achieved. The envisaged 3% budget increase for 2017/18 should be treated with caution. The majority of applications for large housing developments as allocated in the Council's Local Plan are already working through the planning system and the larger application fees from those types of development are likely to decline.

Building Control Income

- 3.4 Building Control fees, which are ring-fenced, are based on national recommendations. New Regulations have allowed local discretion to set Building Control Fees however the principal of ensuring covering service costs and ring fencing income to the service remain. Fees are now kept under regular review by the Building Control Service and are set in line with other Cumbrian authorities.

Street Naming and Numbering

Administration charges for renaming and numbering

Charges for renaming and numbering:

Change of name	£36.50
Alias Name	£36.50
Re numbering of site	£104.50 plus £10.50 per unit

Local Plan Income

- 3.5 **The decision was taken in the previous financial year to** no longer assume any income from any activities associated with the Local Plan. Traditionally income has been generated from general sales including the sale of hard copies of the Plan and occasionally evidence under pinning the Plan which has a commercial value.

The Local Plan and its associated documents are now almost exclusively accessed online/electronically with only a sporadic number of sales of hard copies in recent years. This situation is not forecast to change even accounting for the adoption of the new Local Plan in November 2016.

4. SUMMARY OF INCOME GENERATED

- 4.1 The introduction of the charges proposed is forecast to generate income of £662,600 which is summarised in the table below:

Service Area	Original Estimate 2016/17 £	MTFP Target 2017/18 £	Original Estimate 2017/18 £	Shortfall or (Excess) over MTFP £
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	642,200	661,500	661,500	0
TOTAL	643,300	662,600	662,600	

- 4.2 The acceptance of the charges highlighted within this report, with the exception of Building Control which is self financing, will result in an anticipated level of income of £662,600 against the MTFP target of £662,600.

5. CONSULTATION

5.1 Consultation to Date -

None.

5.2 Consultation Proposed -

Overview and Scrutiny as part of the budget process.

6. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2017, noting the impact these will have on income generation as detailed within the report.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Jane Meek

Ext: 7190

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive – not applicable

Economic Development – not applicable

Governance – All new charges or changes to existing charges, unless specifically approved, require the approval of the Executive in accordance with Financial Procedure Rules (D31).

Resources – The acceptance of the charges highlighted within this report, with the exception of Building Control which is self-financing, will result in an anticipated level of income of £662,600 against the MTFP target of £662,600.

APPENDIX 1

PLANNING SERVICES

Miscellaneous Charges - from Building Control, Development Control, Local Plans & Conservation

General Charges – All Sections

Fee Description	16/17 Charge £	17/18 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/2014	0%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/2014	0%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/2014	0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)	01/04/2014	0%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/2014	0%

Additional Charges – Building Control

Fee Description	16/17 Charge £	17/18 Charge £	Implementation Date	% Inc
Supply of Radar Keys *	3.00	3.00	06/10/08	0%

*The price of Radar Keys reflects the cost to the Council in procuring them.

Additional Charges – Local Plans

Fee Description	16/17 Charge £	17/18 Charge £	Postage £	Implementation Date	% Inc
Tree Preservation Orders (inc. maps)	10p per page (no charge for postage)	10p per page (no charge for postage)	0	08/09/08	0%
High Hedges submission fee	375.00	375.00	0	01/04/15	0%
* Carlisle District Local Plan 2015 – 2030	n/a	15.00*	6.00	01/04/17	0%
Carlisle District Local Plan 2015 – 2030 Policies Maps	n/a		4.00	01/04/17	0%
** Cumbria Wind Energy SPD (Sept 2008)	15.00	15.00	Inc	01/04/09	0%
** Cumbria Wind Energy SPD supporting documents (Sept 2008)	7.50	7.50	Inc	01/04/10	0%
Cumbria Wind Energy SPD and docs – CD (Sept 2008)	10.00		Inc	01/04/09	0%

* Cost of Adopted Local Plan and associated Policies Map yet to be confirmed – charging intention would be to recover full costs.

** Price increase in line with Cumbria County Council charge (who have joint ownership of document with Carlisle City Council)

All technical studies constitute elements of a comprehensive evidence base which supports the development and implementation of policies within the Local Plan. All documents therefore have to

be made publically available for inspection and increasingly through the website. The Council does not stock hard copies of such reports and instead any requests would necessitate these to be printed in-house with the costs of doing so derived from adopting the rates associated with supplying generic planning documents (e. 10p per page plus postage).

APPENDIX 2

CORPORATE CHARGING POLICY 2017/18 TO 2021/22

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

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(iii)

Meeting Date: 21 November 2016
Portfolio: Cross Cutting
Key Decision: Yes: Recorded in the Notice Ref:KD.21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2017/18 - GOVERNANCE AND REGULATORY SERVICES
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD.62/16

Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Governance and Regulatory Services Directorate:

- Environmental Health and Housing
- Homeless, Prevention and Accommodation Services
- Legal Services

Recommendations:

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1st April 2017 noting the impact these will have on income generations as detailed within the report.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 6/12/16; COSP 24/11/16; EEOSP 1/12/16
Council:	N/A

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within Governance and Regulatory Services in respect of charges for Environmental Health and Housing, Homeless, Prevention and Accommodation Services and Legal Services. This report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.
- 1.4 The attached Appendices A - G is an extract from the summary of charges book, which shows the current and proposed level of charge for each of these services.

2. CORPORATE CHARGING POLICY 2017/18 TO 2021/22

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix L, was approved by the Executive on 30 August 2016 and full Council on 13 September 2016 and sets out the City Council's policy for reviewing charges. The principle objective(s) of setting the charges are:
 - Recover the cost of service provision;
 - Generate Surplus Income (where permitted);
 - Maintain existing service provision;
 - Fund service improvements or introduction of new service(s);
 - Promote access to service for low-income households;
 - Promote equity or fairness;
 - Achieve wider strategic policy objective (e.g. encouraging green policies)
- 2.2 The MTFP currently assumes an income target of £889,500 for the financial year 2017/18 reflecting an increase of 3% on 2016/17 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. ENVIRONMENTAL HEALTH & HOUSING:

- 3.1 The charges detailed in **Appendices A to E** cover both the statutory fines for specified offences where the City Council has determined not to set the maximum possible fine and, in the case of private water, fees for statutory services. In most cases these charges are carried over on a yearly basis until the supporting legislation changes. The other charges specified reflect services

carried out and have, unless specified, been given a 3% increase in line with the medium term financial plan in order to recover some costs for providing these services.

- 3.2 Within the Housing and Pollution charges in **Appendix A** are those charges for the Mobile Homes and Disabled facilities grants administration. A new formula to account for these charges has been applied in 2017/18 which has seen service support costs reduce charges for some activities and increase charges for others.
- 3.3 The Internal Audit of the Homelife Home Improvement Agency concluded in June 2016 and identified that no evidence could be provided to substantiate the rates charged. **Appendix D** details the rates to be charged by Homelife in 2017 / 2018 and, unless specified to reflect specific service costs, Homelife will apply a general agency fee of 15%, which is a common charge among Home Improvement Agencies.

4. HOMELESS, PREVENTION and ACCOMMODATION SERVICES – Proposed Homeless Accommodation Rental Charges for 2017/18:

- 4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, amended by Homeless Act 2002 to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 28 days; and are deemed to be vulnerable under the legislation.
- 4.2 The services are based on a pathways model of assessment and provision; delivering 24 hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Strategy 2015-20.
- 4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.
- 4.4 It is proposed to increase Homeless Accommodation rental charges by 2% (in line with inflation) as these reflect the actual costs of providing the services. This increase has been discussed and agreed as acceptable with the Revenue and Benefits Service Manager; a full detailed breakdown of each charge below will be provided to the Benefits Team Leader following approval and prior to implementation.
- 4.5 The rates for Aglionby Street and Single Persons Sharing a Homeshare property are new charges due to operational need as a result of the temporary closure of the single male's accommodation scheme following flood damage in December 2015; these charges reflect a nominal increase as they were approved recently by Council on 6th June 2016.

- 4.6 The charges for John Street are included as it is anticipated that the scheme will be reinstated prior to April 2017 (**See Appendix F**). It is difficult to fully calculate the expected costs of the service for next year based on actuals, as the costs in 2016/17 do not represent normal operations. In addition there will be additional costs to be met from service budgets in 2017 to refurbish existing accommodation currently being utilised for single males as a result of the current operating requirements which have not been accounted for in the charges below (as the costs are unknown at this stage) and which will not be recovered through insurance claims.

5. LEGAL SERVICES

LOCAL LAND CHARGES

5.1 Background

- 5.1.1 Members will be aware that the Council is required by law to maintain a register of local land charges affecting land in its area. Searches of the local land charges register are carried out, most commonly as part of a house purchase, to see whether the property is affected by matters such as tree preservation orders or listed building status.
- 5.1.3 The search has two elements, namely LLC1 and CON29.
- 5.1.4 The LLC1 is the Official Certificate of Search which reveals all entries listed in the statutory Local Land Charges register. The Council charges for providing the Official Certificate of Search, which is a statutory service.
- 5.1.5 The CON29 enquiry form consists of a series of questions and a number of additional, optional enquiries which relate to matters outside the statutory register. The Council is able to add value by compiling and formatting an official report, and levies a charge for this discretionary service.
- 5.1.6 The Council is unable to charge a person for carrying out a personal inspection of the land charges register. The EIR provide, broadly, that environmental information should be made available for inspection without charge.
- 5.1.7 The Council therefore facilitates personal inspections by allowing access to the statutory register, which comprises paper records, on the eighth floor. For other environmental information which it holds, such as contaminated land and planning applications, it provides access through provision of an unrefined data report, which is simply an extract of information from records. No added value is given to this information, unlike the certificate of official search, and no charge is made.
- 5.1.8 The Council has to be transparent in the setting of charges. It is required to publish a statement of actual expenditure, number of requests and total income.

5.2 Legislation

- 5.2.1 The Local Land Charges Act 1975 (“the 1975 Act”) requires registering authorities in England to specify and publicise their own fees for local land charge services (except for personal searches of the local land charges register for which a charge may no longer be levied).
- 5.2.2 Guidance on the setting of the **LLC1** element of the fees has been published by DCA (“the Guidance”) and should be read in conjunction with the 1975 Act and the Local Authorities (England) (Charges for Property Searches) Regulations 2008 (“the 2008 Regulations”).
- 5.2.3 The 2008 Regulations provide discretion for the Council to set its own charges to recover its costs in answering enquiries about a property.
- 5.2.4 Regulation 8 of the 2008 Regulations provides that:
- 8.—(1) Subject to paragraph (2), a local authority may charge a person (including another local authority) in respect of answering enquiries from that person about a property.*
- (2) Any charge made under paragraph (1) may be made at the local authority’s discretion but must have regard to the costs to the local authority of answering enquiries about the property.*
- 5.2.5 Also relevant are the Environmental Information Regulations 2004 (“the EIR”) which apply to environmental information, including searches of the local land charges register. The EIR implement the provisions of the European Directive 2003/4/EC (“the Directive”) in to UK law.
- 5.2.6 Recital 18 of the Directive provides that authorities are entitled to levy a market based charge where the information is being provided on a commercial basis and the service would not continue to be provided if such a charge could not be levied. As the Council is not legally required to provide official **CON29** searches, and because the service consists of more than simply making information available, recital 18 applies.
- 5.2.7 The Council is still, however, required to comply with the 2008 Regulations when setting official search fees. In other words, the Council must have regard to the cost of providing the information when setting fees.

5.3 VAT

- 5.3.1 HMRC is proposing to require authorities to charge VAT on CON29 searches, which is has not previously done. This change was due to come into force on 4th

July 2016 but has been postponed to a date to be confirmed. VAT will not be charged on LLC1 searches.

- 5.3.2 It is not possible for the Council to 'absorb' the VAT element as this has been held to be anti-competitive to personal search companies. The Council will, therefore, have to charge VAT on top of its fee once this change is in force.

5.4 Land Registry

- 5.4.1 Members are aware that the Land Registry is in the process of taking over part of the land charges register (LLC1). This will be done in phases and the Council will lose the LLC1 function at some point between April 2020 and mid-2023. At this stage there is no information as to how the phasing will operate and where in the plan Carlisle sits.

5.5 Calculation of Fees

- 5.5.1 With regard to LLC1, the Guidance recommends that registering authorities start the process of specifying fees by assessing the cost of providing the service, the projected take up of the service, and therefore the charge that should be made, over a period of between one and three years. If the authority sets fees that produce a surplus against the actual costs, the authority should set future fees at a level that, taking one financial year with another, will ensure that total income does not exceed total costs. Where a fee is set at a level below cost, however, any shortfall in income cannot be met by charging fees that would over-recover costs for other services.
- 5.5.2 The costs will include the direct costs of maintaining the local land charges register, together with indirect costs covering central overheads.
- 5.5.3 With regard to CON29 searches, as this is a discretionary service the Council has a degree of discretion in the charges that it sets. The charges proposed are designed to maintain a market share of the property searches market. If the charge is set too high, customers will be drawn to the personal search companies. The charge needs to be set so that the Council retains or modestly increases its market share, thus generating income over and above cost, which will in turn enable better investment in the service. In particular, investment in web based access to information will improve efficiency and speed. Digital information will eventually reduce the time spent assisting personal searchers, and in the future public access will be much more automated.
- 5.5.4 **Appendix H** sets out the cost of providing the local land charges service in Carlisle.
- 5.5.5 **Appendix I** sets out the number of searches carried per month since 2012. It is difficult to foresee the number of searches that will be submitted in the next year

as this depends entirely on the strength of the housing market. Therefore, for the purposes of setting these charges it is assumed that performance will remain constant.

- 5.5.6 Anticipated demand based on current performance is set out in **Appendix J**, which indicates the number of Standard Searches (which include both a CON 29 and a LLC1) and LLC1s only.
- 5.5.7 Members will note that personal searches are **not included** in **Appendix J** bearing in mind that no charge is levied, however, as indicated earlier, personal searches continue to be carried out at an increasing rate and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies.
- 5.5.8 The cost of a standard search is presently £112.00, which is based on the standard Local Land Charges Search Fee (the LLC1 element) of £22 together with the fee for the Standard Enquiries (the CON29R element) of £90.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.
- 5.5.9 Predicted income for 2016/17 was £140,000. Actual income is forecasted to be approximately £144,000.
- 5.5.10 When considering the level at which to set fees for 2017/18 it has become apparent that the work involved in carrying out searches of commercial properties is considerably greater than that for domestic properties. A number of other local authorities charge differential rates for commercial and domestic properties and it is proposed that Carlisle does the same.

5.6 Proposed Fees

- 5.6.1 It is recommended that the Council sets its fees for 2017/18 having regard to the cost of operating the service, to the Corporate Charging Policy and also with a view to increasing competitiveness in the market.
- 5.6.2 The proposed fees for 2017/18, therefore, will be (including the 10% discount for those searches submitted on line):

	Con 29R	LLC1	Total
Domestic Properties	£79.00 (Standard Enquiry for one parcel of land) £71.10 (NLIS 10% on-line discount) £10.00 (Each extra parcel of land)	£17.00 (whole register) £15.30 (NLIS) £5.00 (one part of register) £4.50 (NLIS)	£96.00 (Standard Enquiry + LLC1) £86.40 (NLIS)
Commercial Properties	£100.00 (Standard Enquiry for one parcel of land) £90.00 (NLIS 10% on-line discount) £20.00 (Each extra parcel of land)	£33.00 (whole register) £29.70 (NLIS) £5.00 (one part of register) £4.50 (NLIS)	£133.00 (Standard Enquiry + LLC1) £119.70 (NLIS)

5.6.3 For information, this compares to the other Cumbrian districts as follows:

	CON29R £	LLC1 £	Combined £
Allerdale	80	10	90
Barrow			
- Domestic properties	60.00	36.00	96.00
- Commercial properties	78.00	47.00	125.00
Copeland	85	30	105*
Eden	65	25	90
SLDC	65	25	89*

* The combined price charged offers a discount to applicants

5.6.4 Income from the Land Charges service for 2017/18 is forecast to be approximately £148,000.

5.6.5 The target income in 2016/17 was £140,000. Achieving the Corporate Charging Policy increase of 3% together with the estimated search numbers in the Medium Term Financial Plan, therefore, would result in a target income for 2017/18 of £144,200. The above forecast is in excess of this figure by £3,800.

- 5.6.6 The actual amount of net income, however, will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries.
- 5.6.7 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at **Appendix K**.
- 5.6.8 The proposed charges are set out at **Appendix G**.

ELECTORAL REGISTERS

- 5.7 The Electoral Registration Officer has a statutory duty to maintain the electoral register and to publish a revised register by 1 December each year. Under the Representation of the People Regulations 2001, the Registration Officer must on request supply a copy of the full register to government departments and credit reference agencies and the edited version of the register to any person. The fees for supply of both registers are prescribed in the Regulations and are revised from time to time. The Council has no discretion to alter them. The current fees are £10 plus £5 for each 1,000 entries for printed registers and £20 plus £1.50 for each 1,000 entries in computer data form. A limited number of companies tend to buy the register each year so the level of income is generally static at £1,500 per annum.
- 5.8 Marked copies of electoral registers used at polling stations are available for inspection for twelve months following each local election. Under new Regulations, copies of these registers can only be purchased by those entitled to receive free copies of the full register (i.e. candidates and political parties) on payment of the prescribed fee. New fees, which came into force on 18 July 2008, are £10 plus £2 for each 1000 entries in printed format and £10 plus £1 for each 1000 entries in data format.

MINUTE BOOKS AND ACCESS TO INFORMATION REQUESTS

- 5.9 The charge levied for the sale of Council Minute Books is £21.00 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3% to £21.65 from 1 April 2017. The annual income from the sale of Council Minutes is currently **negligible**.
- 5.10 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. The financial year 2014/15 was the first year in which a charge was made in order to recover the Council's costs in providing this service. It should be noted that all of the reports, agenda and other documents which are subject to the new copying charge will also be available free of charge on the Council's website.

- 5.11 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.
- 5.12 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2nd class mail at the prevailing rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2017/18.

HEALTH AND SAFETY

- 5.13 In the financial year 2014/15 the Council introduced charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge was set at £350 for one three hour session (per group of 12) plus expenses if outside Carlisle District.
- 5.14 Such training is provided where requested and it is proposed to increase the charge for 2017/18 to £385.00 plus VAT for one three hour session (per group of 12), plus expenses if outside Carlisle District.
- 5.15 To date, no chargeable training sessions have been provided.

SUMMARY OF INCOME GENERATED

5.16 The introduction of the charges proposed is forecast to generate income of £893,300 in 2017/18 which is summarised in the following tables:

Governance & Regulatory Service Area	Original Estimate 2016/17 £	MTFP Target 2017/18 £	Original Estimate 2017/18 £	Shortfall or (Excess) over MTFP £
Land Charges	140,000	144,200	148,000	(3,800)
Electoral Registers	1,500	1,500	1,500	0
Minute Books/ Access to Information	0	0	0	0
Health and Safety training	0	0	0	0
Environmental Quality	2,500	2,500	2,500	0
Environmental Protection Act	15,000	12,600	12,600	0
Pest Control	35,800	36,900	36,900	0
Food Safety	2,800	2,900	2,900	0
Housing – DFGs	62,500	62,500	62,500	0
Housing – HMO Licences	5,500	5,700	5,700	0
Housing – Immigration Inspections	500	500	500	0
Hostels	574,000	620,200	620,200	0
Total	840,100	889,500	893,300	(3,800)

6. CONSULTATION

6.1 Consultation to Date -

This report has been considered by SMT and JMT and their comments have been incorporated into the report. Overview and Scrutiny Panels have considered the report as part of the budget process.

6.2 CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as detailed within the report and set out in **Appendices A - G** with effect from 1 April 2017 noting the impact these will have on income generation as detailed within the report.

6.3 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Mark Lambert

Ext: 7003

Appendices attached to report:

- Appendix A – Housing and Pollution Charges**
- Appendix B – Food Safety Charges**
- Appendix C – Pest Control Charges**
- Appendix D – Homelife Charges**
- Appendix E – LA Pollution Prevention Control Charges**
- Appendix F - John Street Charges**
- Appendix G – Governance Charges**
- Appendix H – Land Charges Costs**
- Appendix I – Land Charges Data**
- Appendix J – Anticipated Demand based on Current Performance**
- Appendix K – Land Charges Budget History**
- Appendix L – Corporate Charging Policy**

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

Governance – All new charges or changes to existing charges, unless specifically approved, require the approval of the Executive in accordance with Financial Procedure Rules (D31).

Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £893,300 against the MTFP target of £889,500. This represents an increase of £3,800 against the MTFP target in relation to Land Charges income. It is recommended however to retain the Land Charges income target at the MTFP level of £144,200.

APPENDIX A

<u>HOUSING AND POLLUTION</u> <u>(Inclusive – VAT not applicable)</u>	<u>2016 /</u> <u>2017</u>	<u>2017 /</u> <u>2018</u>	COMMENT
Community Protection Notices**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Community Protection Notices** paid within one week of issue	£60.00	£60.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders** – paid within one week of issue	£60.00	£60.00	Council wide Powers. Set by Legislation.
<u>PRIVATE WATER</u>⁺ (Inclusive – VAT not applicable)			
ANALYSIS CHARGES			Set by Legislation.
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
SAMPLING CHARGES			Set by Legislation.
Sampling (each visit)	£86.00	£88.58	
Risk Assessment (Domestic)	£105.00	£108.15	
Risk Assessment (Commercial)	£250.00	£257.50	
Other investigations (each investigation)	£100.00	£100.00	Maximum amount
Granting an authorisation (each authorisation)	£50.00	£51.50	
<u>CONTAMINATED LAND</u> (Inclusive – VAT not applicable)			
Contaminated Land Information Request -per hour	£51.90	£53.46	
<u>GENERAL ADMINISTRATION FEES</u> (Inclusive – VAT not applicable)			
Works in default administration costs recovery	£16.61	£17.11	
Copying documents	13p per A4 sheet	10p per A4 sheet	
<u>MOBILE HOMES ACT 2013</u>⁺ (Inclusive – VAT not applicable)			

<u>applicable)</u>			
Licence Fee- example of typical charge for up to 5 pitches	£300.00	£310.00	All these charges are calculated with a new formula which includes service recharge costs which were not previously applied.
Licence Fee- amendment, expansion	£100.00	£196.00	This charge merges two previous charges – the standard amendment fee (£250) and the site expansion fee (£100). The new formula also includes service recharge costs which were not previously applied.
Licence Fee - Transfer	£250.00	£252.00	
Inspection Fee- example of typical charge for up to 5 pitches	£110.00	£126.00	
Council hosting of site rules	£50.00	£56.00	
HOUSING ACT 2004, HMO LICENCE FEES			
Cost of new HMO Licence	£447.00	£456.00	
Cost of renewal of HMO Licence	£276.00	£282.00	
Cost of additional correspondence	£26.00	£26.00	
IMMIGRATION INSPECTIONS			
Fast Track Application	£125.00	£125.00	
Standard application	£105.00	£110.00	
ENFORCEMENT TIME, HOUSING ACT 2004			
Charged at Officer hour	£52.52	£56.10	

DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES			
Level Access Shower	£661.00	£530.00	Within the new formula to account for these charges officer costs and procurement costs have been reduced resulting in a reduced charge.
Over bath Showers	£404.00	£517.00	
Ramps	£661.00	£530.00	
Stair lifts (TBC)	£404.00	£517.00	
Door Widening	£661.00	£530.00	
Major Adaptations	£1,135.00	£929.00	
Smaller Adaptations	£536.00	£481.00	
Flat rate fee for additional lots	NIL	£234.00	
Fee payable to Homelife for Central Heating Scheme referrals	£236.00	£236.00	
Hourly rate		£54.99	

APPENDIX B

FOOD SAFETY (VAT is not included and is charged at Standard Rate unless stated)	<u>2016 / 2017</u>	<u>2017 / 2018</u>	COMMENT
Certification of unsaleable food	£32.18	£33.15	
Food Hygiene Training	£53.98	£56.60	Daily charge. CIEH Course and examination fees also apply
Health and Safety Statement of Fact (per hour)	£55.01	£56.60	
Export Certificate	£19.72	£21.31	
Cost of Officer time where applicable (per hour)	£55.01	£56.60	
Health Act 2006:- Smoking in Smoke free place or vehicle	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
Health Act 2006:- Failing to prevent smoking in a smoke free place/vehicle	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
Health Act 2006:- Failure to display 'Smoke free' signage	£200.00	£200.00	(Inclusive – VAT not applicable)
	£150.00	£150.00	(Inclusive – VAT not applicable)
<u>MISCELLANEOUS LICENCES</u>			

<u>(Inclusive – VAT not applicable)</u>			
Acupuncture, Cosmetic Piercing and Tattooing/Skin Colouring*	£103.80	£107.00	All increases 3% and rounded unless specified.
Animal Boarding Establishment	£103.80	£107.00	
Dog Breeders	£103.80	£107.00	
Pet Shops	£103.80	£107.00	
Zoo Licences and Dangerous Wild Animals (+ Vets Fees)	£249.12	£257.00	
Dangerous Wild Animals (+ Vets Fees)	£155.70	£160.00	

APPENDIX C

<u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) - <u>Example of typical charges</u>	<u>2016 / 2017</u>	<u>2017 / 2018</u>	<u>Comment</u>
Standard Farm Contract Service (Duration 12 months)	£344.62	£354.95	
Wasps (Domestic)	£40.48	£41.69	
Wasps (Commercial)	£79.93	£82.33	
Over 65 Wasp Treatment (Dom)	£25.95	£26.73	
Ants / Standard Fleas / Cockroaches (Domestic)	£40.48	£41.69	
Ants / Standard Fleas / Cockroaches (Commercial)	£79.93	£82.33	
Over 65 Ants / Standard Fleas / Cockroaches (Domestic)	£25.95	£26.73	
Rats (Domestic)	Free	Free	
Mice (Domestic)	£40.48	£41.69	
Rats and Mice (Commercial)	£79.93	£82.33	
Call Out Charge		£26.73	NEW. Required where advice but no treatment given to assist in recovering some time and travel costs.

APPENDIX D

<u>HOMELIFE CHARGES</u> (VAT is not included and is charged at Standard Rate) - Example of typical charges	<u>2016 / 2017</u>	<u>2017 / 2018</u>	Comment
General Agency Fee	12.5%	15%	Increase. Benchmarking exercise of other HIA's carried out and fee increased.
Handy Person/Casual Homelife rates		£27.50 per job	Casual hourly rate of pay would also apply.
Boiler servicing/safety checks		£13.75	
Heating grant works		£219.96	
Key safes		£27.50	
Deep Cleans		£54.99	
Managed repair		£360.00	If more than one type of measure is carried out then the general 15% fee may be charged.
Health Through Warmth Rapid care grant		£109.98	
SPECIFIC CALCULATIONS			
Home visits		£54.99	
Obtaining charitable funding		£109.98	
Applications		£54.99	
MINOR WORKS GRANT			
Total Chargeable Costs		£360.00	Agreed at Executive - ED09/16
Homelife Hourly Rate		£54.99	

APPENDIX E

PROPOSED Local Authority Pollution Prevention Control (LAPPC) Charges for 2017/18- (SUBJECT TO FINAL OUTCOME OF DEFRA CONSULTATION) (Inclusive – VAT not applicable)

TYPE OF CHARGE	TYPE OF PROCESS	2017/18 FEE
Application Fee	Standard Process	£1,579
	Additional fee for operating without a permit	£1,137
	Reduced fee activities (except VRs)	£148
	PVR I and II combined	£246
	Vehicle refinishers (VRs)	£346
	Reduced fee activities: Additional fee for operating without a permit	£68
	Mobile screening and crushing plant	£1,579
	For the third to seventh applications	£943
	For the eighth and subsequent applications	£477

Where application is for a combined Part B / waste application, add £297 to the above amounts.

	Standard process Low	£739 (+£99)*		
	Standard process Medium	£1111(+£149)*		
	Standard process High	£1672 (+£198)*		
	Reduced fee activities Low/Med/High	£76	£151	£227
	PVR I and II combined	£108	£216	£326
	Vehicle refinishers Low/Med/High	£218	£349	£524
	Mobile screening and crushing plant L/M/H	£618	£989	£1,484
	for the third to seventh authorisations L/M/H	£368	£590	£884
	eighth and subsequent authorisations L/M/H	£189	£302	£453
	Late Payment Fee	£50	£50	£50
	* additional amount in brackets to be charged where a permit is for a combined Part B and waste installation			

Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £99 to the above amounts					
Transfer and Surrender	Standard process transfer	£162			
	Standard process partial transfer	£476			
	New operator at low risk reduced fee activity	£75			
	Surrender: all Part B activities	£0			
	Reduced fee activities: transfer	£0			
Temporary transfer for mobiles	Reduced fee activities: partial transfer	£45			
	First transfer	£51			
	Repeat transfer	£10			
	Repeat following enforcement or warning	£51			
Substantial change s10/11	Standard process	£1,005			
	Standard process where the substantial change results in a new PPC activity	£1,579			
	Reduced fee activities	£98			
Key					
Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36.					
Reduced fee activities are; Service Stations, Vehicle Refinishers, Dry Cleaners and Small Waste Oil Burners under 0.4MW					
LAPPC MOBILE PLANT CHARGES FOR 2016/17					
Number of authorisations	Application fee 2014/15	Subsistence fee 2017/18			
		Low	Med	High	
1	£1,579	£618	£989	£1,484	
2	£1,579	£618	£989	£1,484	
3	£943	£368	£590	£884	
4	£943	£368	£590	£884	
5	£943	£368	£590	£884	
6	£943	£368	£590	£884	
7	£943	£368	£590	£884	
8 and over	£477	£189	£302	£453	
LA-IPPC CHARGES FOR 2017/18					

NB – every subsistence charge in the table below includes the additional £99 charge to cover LA extra costs in dealing with reporting under the E-PRTR (European Pollutant Release and Transfer Register) Regulation.	
Type of charge	Local authority element 2017/18
Application	£3,218
Additional fee for operating without a permit	£1,137
Annual Subsistence LOW	£1,384
Annual Subsistence MEDIUM	£1,541
Annual Subsistence HIGH	£2,233
Substantial Variation	£1,309
Transfer	£225
Partial transfer	£668
Surrender	£668
Key Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36. Reduced fee activities are: Service Stations, Vehicle Refinishers, Dry Cleaners and Small Waste Oil Burners under 0.4MW	
Newspaper advertisements Newspaper adverts may be required under EPR (Environmental Permitting Regulations) at the discretion of the LA as part of the consultation process when considering an application. This will be undertaken and paid for by the LA and the charging scheme contains a provision for the LA to recoup its costs.	

APPENDIX E CONT'D

ENVIRONMENT AGENCY PERMIT CHARGES Environment Agency Subsistence Fees for Discharge to Controlled Waters.			
Charge Band	Charge	Applicability	Comment
A	£2,270	Where permit conditions contain numerical water discharge limits other than for the pollutants or parameters listed in bands B and C	
B	£760	Where permit conditions contain numerical water discharge limits for BOD, COD ¹ or ammonia	
C	£222	Where permit conditions contain numerical limits for water flow, volume, suspended solids. pH, temperature, or oil or grease.	
D	£66	Where conditions are included in a permit which do not fall within any of the descriptions in bands A-C (e.g. descriptive conditions)	
There is no extra fee payable to the Environment Agency where quarterly payments are made.			

APPENDIX F: Proposed 2017/18 Charges

PROJECT	Proposed Charge from 3 April 2017	Current charge
WATER STREET FAMILY RATE	£	£
Total Charge	£314.30	£308.14
HB eligible Charge	£295.05	
Personal Charge	£19.25	
WATER STREET SINGLE RATE		
Total Charge	£269.78	£264.53
HB eligible Charge	£253.89	
Personal Charge	£15.89	
JOHN STREET SINGLE RATE		
Total Charge	£308.77	£302.75
HB eligible Charge	£295.05	
Personal Charge	£13.72	
HOMESHARES FAMILY RATE		
Total Charge	£342.37	£335.45
HB eligible Charge	£322.56	
Personal Charge	£ 19.81	
HOMESHARES SINGLE RATE		
Total Charge	£313.81	£307.59
HB eligible Charge	£299.32	
Personal Charge	£ 14.49	
HOMESHARES SHARED RATE		
Total Charge	£303.52	£300.86
HB eligible Charge	£290.57	
Personal Charge	£ 12.95	
AGLIONBY STREET SINGLE RATE		
Total Charge	£303.03	£ 300.44
HB eligible Charge	£289.45	
Personal Charge	£13.58	

APPENDIX G

LEGAL SERVICES

	<u>Actual</u> <u>Charges</u> <u>2016/17</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2016/17</u> <u>£</u>
1. Land Charges – Search Fees (VAT Outside the Scope/ Non Business)		
Registration of a charge in Part II of the Register	60.00	60.00
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	2.10
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	6.30
Inspection of documents filed under Rule 10 in respect of Land	2.10	2.10
Official Search (incl. Issue of official certificate of search):-		
Domestic Properties:		
a) in any one part of the register (10% on-line discount)	3.50 (3.40)	3.50 (3.40)
b) in the whole of the register (10% on-line discount)	22.00 (19.80)	17.00 (15.30)
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	0.80	1.00
Commercial Properties:		
a) in any one part of the register (10% on-line discount)	3.50 (3.40)	5.00 (4.50)
b) in the whole of the register (10% on-line discount)	22.00 (19.80)	33.00 (29.70)
and in addition, in respect of each parcel of land above one, where		

Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	0.80	1.00
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to these rules)	1.40	1.50
Copy or extract of any plan or other document filed pursuant to these rules	£various*	£various*

* Charges will depend upon the type and size of document. As a guide, a copy of a section 106 Agreement or other legal agreement is likely to cost in the region of £10 depending on the number of large scale plans.

Part I – Standard Enquiries

Domestic Properties

a) One parcel of land	90.00	79.00
One parcel of land (Level 2/3) (10% discount)	81.00	71.10
b) Several parcels of land		
- First parcel	90.00	79.00
- Each addition	17.00	15.00

(Fees that would exceed £100 to be fixed by arrangement)
(10% discount to apply to searches submitted on-line via NLIS)

Commercial Properties

a) One parcel of land	90.00	100.00
One parcel of land (Level 2/3) (10% discount)	81.00	90.00
b) Several parcels of land		
- First parcel	90.00	100.00
- Each addition	17.00	20.00

(Fees that would exceed £100 to be fixed by arrangement)
 (10% discount to apply to searches submitted on-line via NLIS)

Part II – Optional Enquiries*

Each printed enquiry – Urban	10.00	10.00
Each printed enquiry – Rural	10.00	10.00
Question 22 on form CON29O	20.00	20.00
Question 4 on form CON29O	4.00	4.00
Each additional enquiry	10.50	10.50

2. Council Minutes (VAT Standard Rate)

Per Booklet	21.00	21.65
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3. Access to Information Requests

Per black and white sheet	0.02	0.02
Per colour sheet	0.05	0.05
(plus second class postage costs at the prevailing rate)		

4. Electoral Registers (VAT - Outside/Scope)

In Printed Form*	10.00	10.00
Plus per 1,000 entries *	5.00	5.00
Binding of Register	3.65	3.65
In Computer Data Form*	20.00	20.00
Plus per 1,000 entries *	1.50	1.50
Full Printed Register* (limited statutory availability)	410.00	410.00
Full Data Copy* (limited statutory availability)	127.50	127.50
Edited Printed Register* (60,000 entries)	310.00	310.00
Edited Data Copy* (60,000 entries)	110.00	110.00

*These charges are set by Regulation

5. Health and Safety

Training Sessions per three hour session (per group of 12 max)	374.20	385.00
Travel Expenses if outside Carlisle District	+	+

* travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc

APPENDIX H

	Actual 2014/15	Budget 2014/15	Actual 2015/16	Budget 2015/16	Budget 2016/17	MTFP Budget 2017/18
Employee Related	16,255	13,100	16,821	11,600	22,510	23,500
Premises Related	0	0	240	200	700	700
Transport Related	0	0	0	0	0	0
Supplies & Services	31,435	38,000	28,446	38,100	38,100	38,100
Recharges	24,806	24,800	25,211	25,200	25,300	25,300
Total Expenditure	72,496	75,900	70,719	75,100	86,610	87,600
Income	(161,041)	(172,000)	(150,142)	(169,200)	(140,000)	(144,200)
Total Income	(161,041)	(172,000)	(150,142)	(169,200)	(140,000)	(144,200)
Net Position	(88,545)	(96,100)	(79,423)	(94,100)	(53,390)	(56,600)

*2017/18 MTFP budget for recharges is based on the 2016/17 recharge level

APPENDIX I

	2012/13			2013/14			2014/15			2015/16			2016/17		
Month	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search
April	93	4	0 ²	74	2	0 ²	114	3	0 ²	85	8	0 ²	80	14	0 ²
May	108	1	0 ²	118	3	0 ²	95	4	0 ²	55	3	0 ²	132	8	0 ²
June	87	1	0 ²	75	4	0 ²	85	6	0 ²	121	4	0 ²	115	21	0 ²
July	99	4	0 ²	131	1	0 ²	109	29	0 ²	77	8	0 ²	102	6	0 ²
August	108	3	0 ²	85	5	0 ²	86	5	0 ²	79	5	0 ²	97	4	0 ²
September	82	1	0 ²	82	4	0 ²	85	12	0 ²	74	4	0 ²	76	9	0 ²
October	95	4	0 ²	132	1	0 ²	91	4	0 ²	76	6	0 ²			
November	93	1	0 ²	91	4	0 ²	79	8	0 ²	115	7	0 ²			
December	52	2	0 ²	69	2	0 ²	79	2	0 ²	63	5	0 ²			
January	76	6	0 ²	100	5	0 ²	88	7	0 ²	65	5	0 ²			
February	84	2	0 ²	92	7	0 ²	71	21	0 ²	93	4	0 ²			
March	96	2	0 ²	116	4	0 ²	107	2	0 ²	82	10	0 ²			
Total	1073	31	0 ²	1165	42	0 ²	1089	103	0 ²	985	69	0 ²	602	62	0 ¹

¹ FIGURES SHOWN ARE UP TO SEPTEMBER 2016

² FIGURES FOR PERSONAL SEARCHES FROM AUGUST 2010 ARE NOT INCLUDED IN THE TABLE. FOLLOWING CHANGES IN LEGISLATION CHARGES MAY NO LONGER BE LEVIED FOR PERSONAL SEARCHES AND, ACCORDINGLY, FIGURES HAVE NOT BEEN KEPT. NOTE THAT PERSONAL SEARCHES CONTINUE TO BE CARRIED OUT.

APPENDIX J

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	91.4%	985 (around 12% electronic)
LLC1 only	3.6%	69 (around 30% electronic)
Total	100%	1,054

APPENDIX K

Period	Net Income	Original Budget
2013/14*	£169,557	£165,700
2014/15	£161,041	£172,000
2015/16	£150,142	£169,200
2016/17**	£144,500 est.(£74,571 to date)	£140,000 (£70,028 to date)

* An additional recurring £10,000 was added to the base budget as part of the 2013/14 budget process

** The base budget for 2016/17 was reduced by a recurring budget pressure of £34,300 as part of the 2016/17 budget process

APPENDIX L

CORPORATE CHARGING POLICY 2017/18 TO 2021/22

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

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(iv)

Meeting Date: 21 November 2016
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework NO
Public / Private Public

Title: REVIEW OF CHARGES 2017/18 - LICENSING
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD 57/16

Purpose / Summary:

This report sets 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 has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive. The fees are outlined in the attached report GD 54/16.

Recommendations:

The Executive is asked to note the charges that were considered by the Regulatory Panel on 26th October 2016. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period on 1st August 2016.

Tracking

Executive:	21st November 2016, 19th December 2016
Regulatory Panel:	26th October 2016
Overview and Scrutiny:	ROSP 6th December 2016; EEOSP 1st December 2016 COSP 24th November 2016
Council:	

Report to Regulatory Panel

Agenda
Item:

A.1

Meeting Date: 26th October 2016
Portfolio: Finance, Governance and Resources
Key Decision: Not Applicable:
Within Policy and
Budget Framework YES
Public / Private Public

Title: REVIEW OF CHARGES 2017/18 - LICENSING
Report of: Director of Governance and Regulatory Services
Report Number: GD54/16

Purpose / Summary:

This report sets 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 has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive

Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B', with the exception of the Scrap Metal Act fees which have been determined by the Executive.

Tracking

Executive:	21 November 2016
Overview and Scrutiny:	
Council:	

CITY OF CARLISLE

To: The Members of the Regulatory Panel on 26 October 2016

REVIEW OF CHARGES 2017/18

GOVERNANCE AND REGULATORY SERVICES DIRECTORATE - LICENSING

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Governance and Regulatory Services Directorate in respect of Licensing Charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.
- 1.4 Attached at **Appendix A & B** is an extract from the summary of charges book, which shows the current and proposed level of charge for each of these services.

2. CORPORATE CHARGING POLICY 2017

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive and Full Council and sets out the City Council's policy for reviewing charges.
- 2.2 It is recognised that licence fees (that can be determined by local authorities) can only be set at a level which recovers the cost of administration, inspection and in some cases compliance of existing licences, which arise out of carrying out their licensing functions under the various legislation. Under European Directive 2006/123 art 13(2), any charges which an applicant for a licence may incur shall be reasonable and proportionate to the cost of the authorisation procedures in question and shall not exceed the cost of the procedures.
- 2.3 The Supreme Court in *Hemming v Westminster City Council*, however, held that a fee for renewing or retaining a licence may be charged, which may reflect the cost of enforcing the licensing regime. the Supreme Court referred this point to the European Court of Justice for a determination as to whether this is consistent with the European Directive. A final ruling is awaited. In the meantime, enforcement costs are not included in the relevant licensing fees.
- 2.4 It is Council policy to maximise charges to maintain full cost recovery wherever possible, and this should be the case when setting charges. In the case of licensing we are currently operating at an income level that is achieving full cost recovery.
- 2.5 Recognition should be made of the risk that licensing income levels can be subject to market forces out with the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections

for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function.

- 2.6 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups.

3. LICENCES

4.1 Introduction

Licensing income covers an extremely wide range of functions for which the Council is the licensing authority and the number of applications for various licences fluctuates each year. The current principal functions relate to the issue of licences for e.g. Premises and Personal (Licensing Act 2003), Hackney Carriages/Private Hire (Vehicles, Drivers and Operators), Gambling Premises and Machine Permits (Gambling Act 2005), Street Trading, Auctioneers and Sex Establishments.

The Licensing Act 2003 includes a number of licensable activities under one 'Premises Licence'. These include one or more of the following - liquor, Public Entertainment, Cinema, Theatre and Late Night Refreshment Houses. The fee structure is fixed by the Government.

The licensing budget has been directly affected by the Council's responsibilities under the Licensing Act 2003. The Government has identified that the administration of the legislation will be self-funded through the scale of charges, which have been set nationally. There remains the potential for the administration to require financial support from the Council should the nationally set fees fail to meet the operating costs of the licensing service. The Government set up an Independent Fees Review Panel in 2006, to enquire into the new fee structure to establish if it is sufficiently robust to provide the level of income required to administer the licensing function. The result of this review has been published, and the result is the Police Reform and Social Responsibility Act 2011. Section 121 amends the Licensing Act 2003 to give Local Authorities the power to set fees under the Act. However, after government consultation on this matter, including concerns from the licensed trade, it has been decided not to introduce locally set fees at this present time.

As a consequence of the Gambling Act 2005, local authorities assumed responsibility for licensing gambling premises and gaming machines during 2007, whilst the Gambling Commission licensed operators and personal licence holders. These premises include betting shops, bingo halls and racecourses. The machine permits include family entertainment centres, adult gaming machine centres and licensed premises gaming machines in alcohol licensed premises.

The fee banding was set nationally and licensing authorities were given the flexibility to set their fees within these bands, dependent upon local circumstances. On 4th April 2007 the Licensing Committee (through delegated authority) determined the fees in accordance with the regulations which are included in Appendix B. Fees under the Act for Lottery registration are fixed by central Government.

A review of the remaining charges (excluding Licensing Act 2003, Gambling Act 2005 and Sex Establishments) has identified that an increase is required in 2017/18 to keep pace with inflationary costs. This will not compromise the Council's position as a fair charging authority and should achieve full cost recovery.

Licensing functions are also undertaken by other Council Departments, such as Environmental Health in respect of tattooing, acupuncture and pet shops and Community Services for vehicle testing. The Council's Housing and Pollution teams issue licences in respect of houses of multiple Occupancy and Caravan Sites.

4.2 Licensing Act 2003

4.2.1 Premises Licences & Club Premises Certificates

The total number of premises and club certificates currently licensed is 508. This will always fluctuate each year and applications for variations will continue. We are now in a position to predict with a fair degree of accuracy what the income will be in 2017/18. Educational, church and community premises that apply for an entertainment only premises licence are exempt from the licence fee and we currently license 24 such premises.

The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. The number of licences issued appears to have reached a plateau. There is no change in the fee structure, although an Independent Licensing Fees Review Panel has reported on this and we are waiting for the Government to publish legislation. Based upon the current number of licences issued, it is estimated that there will be an income of £99,000 in 2017/18, as set out in the fee bands at Appendix A.

4.2.2 Personal Licences

Any person who authorises the sale of alcohol requires a personal licence. All premises that are licensed for the sale of alcohol must therefore have a personal licence holder to authorise that sale.

We currently have a total of 1647 Personal Licences issued to date.

From 1 April 2015 it became no longer necessary to renew a Personal Licence under the Deregulation Act 2015 and all licences issued from 1st April are now for an 'indefinite period'.

We will continue to receive requests for amendments to licences at a cost of £10.50.

Based upon the current numbers of amendment applications received between 1st April 2016 and the 1st October 2016 it is estimated that this will continue at the same level and generate an estimated annual income of £1100.

4.3 Vehicle Licences

4.3.1 Hackney Carriages

Under the provision of the Local Government (Miscellaneous Provisions) Act 1967, the City Council may fix a reasonable fee to cover the cost of administration of Hackney Carriage Licences and vehicle inspections. Each Hackney Carriage is subject to an inspection by the Transport Department or Community Services before a licence is granted. Vehicles can be inspected up to 3 times per year dependant on the age of the vehicle.

In 2007 the application criteria for licensing Hackney Carriages was amended by the Regulatory Panel. With effect from 1st August 2007, all new licences issued will be for wheelchair accessible vehicles only.

Traditionally this Council has charged a lower fee for wheelchair accessible vehicles to encourage proprietors to purchase this type of vehicle. This is no longer necessary due to the decision of 1st August 2007 and the decision in the Hemming case. It was agreed in the 2009/10 budget process that we gradually bring the two fees closer together over the next few years. It is proposed that an increase of 3% is charged for non-wheelchair vehicles and the charge for wheelchair accessible vehicles be increased by 5% this year. This increase should maintain the current level of income and will be repeated next year to bring the fees closer together.

Hackney Carriage Driver Licences

New driver licences have increased to reflect work that is currently undertaken with prospective new drivers that has never previously been charged for. This includes:

- Advice in the first instance regarding how the trade works and how to become a licensed driver
- Attendance of 2 hour disability awareness session
- Knowledge test that is now a spoken test with a Licensing Officer to ensure language skills are acceptable
- Assisting and verifying a criminal record check application

Renewal driver licences have only increased as per the recommended rate.

4.3.2 Private Hire Vehicles

The Local Government (Miscellaneous Provisions) Act 1976 provides for the regulation of the private hire trade by means of the issue of licences for operators, vehicles and drivers. The arrangements for vehicle inspections and the provision of the new licence plates are as for Hackney Carriages.

Private Hire Driver Licences

New driver licences have also increased to reflect work that is currently undertaken with prospective new drivers that has never previously been charged for. This includes:

- Advice in the first instance regarding how the trade works and how to become a licensed driver
- Attendance of 2 hour disability awareness session
- Knowledge test that is now a spoken test with a Licensing Officer to ensure language skills are acceptable
- Assisting and verifying a criminal record check application

Renewal driver licences have only increased as per the recommended rate.

- 4.3.3 As part of the Policing and Crime Bill, it will be mandatory to deliver training to all drivers on recognising the signs of Child Sexual Exploitation (CSE). This should receive Royal Assent in January 2017 and training will commence thereafter. Costs of this will be met through existing licence renewal fees and new licence fees. The training will be delivered to groups of 20/30 drivers at a time over 2017/18.

The fees for drivers, vehicles and operators, which aim to generate income of £73,000 for Hackney Carriage and £29,000 for Private Hire in 2017/18 are set out in Appendix A.

4.4 Sex Establishment

The City Council has issued two sex establishment licences. A reduced fee structure was introduced in 2009/10 as a result of a national campaign by the trade and the recognition that the licence fee had risen dramatically since first being set in 1990. The fee for this licence was the subject of Hemming v Westminster discussed earlier in this report. Previously, this fee included a percentage for enforcing unlicensed operators. As a result of the Hemming, this element is no longer included. No increase on charges are proposed this year but the fee structure will be reviewed in 2017/18.

4.5 Auctioneers

We only have one premise which requires licensed auctioneers. Currently we have 13 licensed Auctioneers. This would suggest an income of £559 in 2017/18.

4.6 Pleasure Boats & Boatmen

The number of pleasure boats and boatmen has remained static in recent years. This coming year, the Licensing section intends to issue all boatmen with Identity cards along with their licences. The suggested charge aims to generate income of £1100 in 2017/18.

4.7 Scrap Metal Dealers

The Scrap Metal Dealers Act 2013 which commenced on 1st October 2013 brings together two earlier pieces of legislation that covered Scrap Metal and Motor Salvage Operators. The licence covers a three year period therefore the income will vary from year to year. The income from existing operators was received in October 2013. Renewal fees will be due in October 2016 for the forthcoming 3 year licences.

The current fee was agreed by the Executive on 1st August 2016 for a period of three years and will be reviewed again in 2019.

The current renewals expect to generate income of £3578 in 2017/18, as set out in Appendix A.

4.8 Gambling Act 2005

Lottery Licences

The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the current level is expected to be maintained. The current fee should generate approximately £4,400 in 2017/18.

Gambling Premises and Machine Permits

The fee bands are set by central government and the Licensing Committee sets its own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4th April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.

At the current level of fees, an estimated income of £14,000 for Gambling Premises and Machine Permits will be received during 2017/18, which is set out in Appendix B.

4.9 Street Trading

The number of licensed street traders has remained consistent over the last couple of years. A full review of our street trading policy is currently being undertaken to update our existing policy that dates back to 1984. This includes identifying all consent and prohibited areas, as well as investigating all trading estates, parks and arterial routes into the City. Consultation with Responsible Authorities, trade and public will also be exercised to ensure all views and opinions are taken into account to ensure Licensing objectives will not be compromised. It is recommended that the Street Trading charges are significantly increased for 2017/18 from £105 to £210 for an annual permit. Our existing charges are low compared to other local authorities (SLDC charge £252 and Eden £310 for equivalent permits in 2016/17) We currently licence 32 Street traders. If this level remains, the income generated will be £6,720 in 2017/18.

4.10 Riding Establishments

The current number of licensed riding establishments is 5. Based on this number and the revised fee this should provide an income of £515 in 2017/18, as set out in Appendix A.

5 SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £236,800 in 2017/18 which is summarised in the table below:

Service Area	Updated Budget 2016/17 £	MTFP Target 2017/18 £	Original Estimate 2017/18 £	Shortfall or (Excess) over MTFP £	
Licensing Act 2003 - Premises	104,000	104,000	99,000	0	*
Licensing Act 2003 – Personal Licenses	4,000	4,000	1,100	2,900	*
Hackney Carriage (1)	78,000	78,000	73,000	5,000	
Private Hire (1)	21,600	21,600	29,000	(7,400)	
Sex Establishment	3,800	3,800	3,800	0	
Auctioneers	600	600	600	0	
Pleasure Boats	1,100	1,100	1,100	0	
Scrap Metal (<i>Renewal</i>)	1,000	1,000	3600	(2600)	
Gambling Act 2005 – Lotteries	4,400	4,400	4,400	0	*
Gambling Act 2005 – Premises and Gaming Machines	14,000	14,000	14,000	0	*
Street Trading	3,300	3,300	6,700	(3,400)	
Riding Establishments	400	400	500	(100)	
Total	236,200	236,200	236,800	(600)	

* Fixed fees

6 CONSULTATION

- 6.1 Consultation to Date -
None

- 6.2 Consultation Proposed -
Hackney fees must be advertised in the local press after determination.

7 RECOMMENDATIONS

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B' with effect from 1st February 2017.

8 REASONS FOR RECOMMENDATIONS

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

Contact Officer: Scott Burns

Ext: 7328

**Appendices
attached to report:**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

Governance –

Resources -

Appendix A

LICENSING

1 (A) Licences - Licensing Act 2003

<u>Premises</u> + (Based on non-domestic RV)	New	<u>Charge</u> from 1/2/16 £	<u>Charge</u> from 1/2/17	<u>Implementation</u> Date of increased fees
Band A	100.00	70.00	70.00	24.11.05
Band B	190.00	180.00	180.00	24.11.05
Band C	315.00	295.00	295.00	24.11.05
Band D	450.00	320.00	320.00	24.11.05
Band E	635.00	350.00	350.00	24.11.05
<u>Personal</u> +			-	
Personal Licence amends		10.50	10.50	24.11.05

+ These Charges are currently set by the Home Office

(B) Licences - Public Transport

Vehicles

			<u>Last</u> <u>increase:</u>
<u>Hackney Carriages</u>			
Hackney Carriage:	New	225.00	1.02.16
	Renewal	191.00	1.02.16
Hackney Carriage (whchair):	New	205.00	1.02.16
	Renewal	168.00	1.02.16
Hackney Carriage:			
Driver 1 year Licence	New	110.00	1.04.16
Driver 1 year renewal	renewal	75.00	1.04.16
Driver 3 year Licence	New	235.00	1.04.16
Driver 3 year renewal	Renewal	185.00	1.04.16

Certificate of Compliance	1.02.11	8.00	10.00	1.04.17
Transfer of Licence/Change Vehicle	1.02.14	25.00	30.00	1.04.17
Duplicate Items	1.02.14	10.50	12.00	1.04.17
New Identity Card	1.02.14	10.50	12.00	1.04.17
New Licence Plate	1.02.16	13.00	13.00	
#Test Fee	1.02.16	50.00	50.00	
#Re-test Fee	1.02.13	35	35.00	

Private Hire Vehicle:	New	1.02.16	195.00	200.00	1.02.17
	Renewal	1.02.16	160.00	160.00	
PH Driver 1 year	New	1.04.16	110.00	115.00	1.02.17
PH Driver 1 year	Renewal	1.04.16	75.00	75.00	
PH Driver 3 year Licence	New	1.04.16	235.00	242.00	1.02.17
PH Driver 3 year renewal	Renewal	1.04.16	185.00	185.00	
PH Operator			1 year	5 year	
1-5 vehicles		1.04.16	175.00	495.00	
6-10 vehicles		1.04.16	245.00	550.00	
11-20 vehicles		1.04.16	460.00	670.00	
21-30 vehicles		1.04.16	595.00	745.00	
Private Hire Vehicle:					
#Test Fee		1.02.16	50.00	50.00	
#Re-test Fee		1.02.13	35.00	35.00	
Certificate of Compliance		1.02.11	8.00	10.00	1.02.17
Transfer of Licence/Change Vehicle		1.02.14	25.00	30.00	1.02.17
Duplicate Items		1.02.14	10.50	12.00	1.02.17
New Identity Card		1.02.14	10.50	12.00	1.02.17
New Licence Plate		1.02.16	13.00	13.00	

Subject to increases in fees from Resources (Facilities) being passed on.

(C) Licences - Miscellaneous
(VAT Outside the Scope)

Auctioneers		1.02.16	42.00	43.00	1.02.17
Riding Establishments (plus Vets Fee)		1.02.16	100.00	103.00	1.02.17
Sex Establishments	New	1.02.14	2500.00	2500.00	
	Renewal	1.02.14	1900.00	1900.00	
	Variation	1.02.14	250.00	250.00	
	Transfer	1.02.14	125.00	125.00	
Street Traders		1.02.16	105.00	210.00	1.02.17
Street Traders (Occasional)		1.02.16	35.00	50.00	1.02.17
New Permit Plate		1.02.16	13.00	13.00	

Scrap Metal Dealers (3 year licence - charge effective from 1/12/13)				
Collector: New	1.10.16	250.00	250.00	
Renewal	1.10.16	250.00	250.00	
Vary name/address	1.12.13	30.00	30.00	
Site: New	1.10.16	415.00	415.00	
Renewal	1.10.16	415.00	415.00	
Vary name	1.12.13	30.00	30.00	
Vary Site Manager	1.12.13	30.00	30.00	
Vary Site/Collector	1.12.16	165.00	165.00	
or add site				
Boats	1.02.16	45.00	45.00	
Boatman	1.02.16	25.00	25.00	
Miscellaneous duplicate items	1.02.14	10.50	12.00	1.02.17

(D) Licences - Gambling Act 200005 - Premises (Based on fee bands set by DCMS and determined by Licensing Committee)
See appendix.B for Gambling premise fees

Appendix.B.

APPENDIX 'B'

Gambling Act 2005 Premises Licence Fee Structure

Type of Premises	Provisional Statement Premises	New Application Premises	Annual Fee	Seasonal Annual Fee	Variation Application	Provisional Statement Application	Transfer	Re-instatement
Regional Casino	£8,000	£15,000	£15,000	£15,000	£7,500	£15,000	£6,500	£6,500
Large Casino	£5,000	£10,000	£10,000	£10,000	£5,000	£10,000	£2,150	£2,150
Small Casino	£3,000	£8,000	£5,000	£5,000	£4,000	£8,000	£1,800	£1,800
Converted Casino			£3,000	£3,000	£2,000		£1,350	£1,350
Bingo	£1,000	£2,500	£700	£700 pro-rata* min £300	£1,250	£2,500	£500	£500
Adult Gaming Centre	£600	£1,600	£700	£700 pro-rata* min £300	£800	£1,600	£400	£400
Betting (Track)	£950	£2,500	£1,000	£1,000 pro-rata* min £300	£1,250	£2,500	£950	£950
Family Entertainment Centre	£600	£1,600	£400	£400 pro-rata min £200	£800	£1,600	£300	£300
Betting (Other)	£600	£1,800	£500	£500 pro-rata* min £200	£900	£1,800	£300	£300

All premises: Fee for copy of Licence £15 Fee to accompany notification of change of circumstances £30

Approved 4th April 2007

Report to Executive

Agenda
Item:

A.1(c)

Meeting Date: 21 November 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: REVISED CAPITAL PROGRAMME 2016/17 AND PROVISIONAL CAPITAL PROGRAMME 2017/18 TO 2021/22
Report of: CHIEF FINANCE OFFICER
Report Number: RD36/16

Purpose / Summary:

The report details the revised capital programme for 2016/17 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2017/18 to 2021/22 in the light of new capital proposals identified, and summarises the estimated capital resources available to fund the programme.

Recommendations:

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2016/17 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2017/18 to 2021/22 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 06/12/16; EEOSP 01/12/16; COSP 24/11/16
Council:	7 February 2017 (Budget Resolution)

1. BACKGROUND

- 1.1 This report details the revised capital programme for 2016/17 together with the proposed methods of financing as set out in paragraph 3 and **Appendix A and B**.
- 1.2 The report also details the capital spending proposals for 2017/18 to 2021/22, together with the potential resources available to fund the programme. Members are asked to give initial consideration to the spending proposals.
- 1.3 The guiding principles for the formulation of the capital programme over the next five year planning period are set out in the following policy documents that were approved by Council on 13 September 2016:
- Capital Strategy 2017-18 to 2021-22 (Report RD17/16)
 - Asset Management Plan (Report GD50/16)
- 1.4 A Corporate Programme Board of senior officers continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

2. CAPITAL RESOURCES

- 2.1 There are several sources of capital resources available to the Council to fund capital expenditure, the main ones being:
- Borrowing (Prudential Code - see paragraph 5.2)
 - Capital Grants e.g. DFG, specific capital grants
 - Capital Receipts e.g. proceeds from the sale of assets
 - Council Reserves e.g. Projects Reserve
- 2.2 In accordance with the Capital Strategy, the Chief Finance Officer will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources.
- 2.3 It should be noted that capital resources can only be used to fund capital expenditure and cannot (with the exception of the Council's own Reserves), be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.
- 2.4 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent in particular on how successful the Council has been in achieving Capital Receipts

from the sale of assets against its target i.e. the more capital receipts generated, the less is required to be taken from Borrowing and Council Reserves (and vice versa).

- 2.5 The cost of externally borrowing £1m to fund the capital programme will result in a charge to the revenue account in the next full year of approximately £65,000. This is made up of £25,000 for the cost of the interest payable (2.50% of £1m equates to £45,000) and a principal repayment provision of 4% of the outstanding sum (4% of £1m equates to £40,000).

3. REVISED CAPITAL PROGRAMME 2016/17

- 3.1 The capital programme for 2016/17 totalling £10,018,800 was approved by Council on 19 July 2016 as detailed in the 2015/16 out-turn report (RD07/16).

- 3.2 The revised capital programme for 2016/17 now totals £10,440,000 as detailed in **Appendix A**.

- 3.3 **Appendix B** details the revised anticipated resources available and their use to fund the capital programme. These have been revised to take account of revised projections and valuations of asset sales.

- 3.4 A summary of the revised programme for 2016/17 is shown below:

Summary Programme	£	Appx
2016/17 Original Capital Programme	10,018,800	A
Other adjustments	421,200	
Revised Capital Programme (Sept 2015)	10,440,000	A
Estimated Capital Resources available	(8,579,280)	B
Projected (Surplus) capital resources	1,860,720	

- 3.5 The progress to date of each scheme in the current financial year has been identified in the Quarterly Budget Monitoring report considered elsewhere on the agenda (RD33/16). That report also highlights an underspend of £486,234 against the profiled annual budget.

4. CAPITAL SPENDING PROPOSALS 2017/18 TO 2021/22

- 4.1 The existing and capital spending proposals are summarised in the following table.

Capital Scheme	App/ Para	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
<u>Current Commitments:</u>						
Vehicles & Plant	4.2	1,114	383	265	0	0
Planned Enhancements to Council Property	4.3	150	150	150	150	150
Disabled Facilities Grants	4.4	1,467	1,467	1,467	1,467	1,467
ICT Infrastructure	4.5	100	100	0	0	0
Leisure Facilities	4.6	0	5,000	0	0	0
Total Existing Commitments		2,831	7,100	1,882	1,617	1,617
<u>New Spending Proposals:</u>						
Vehicles & Plant	4.2	326	338	596	629	1,531
John Street Upper Floor Refurbishment	4.7	75	0	0	0	0
Total New Proposals		401	338	596	629	1,531
TOTAL POTENTIAL PROGRAMME		3,232	7,438	2,478	2,246	3,148

- 4.2 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above and have been amended to reflect revised requirements within service areas.
- 4.3 The allocation for planned enhancements to council properties is retained at the current level of £150,000.
- 4.4 Disabled facilities grant allocation will not be known until January 2017, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 level. This grant will be awarded via the County Council's Better Care Fund.
- 4.5 The provision for ICT replacement is included at £100,000 from 2017/18 to 2018/19.
- 4.6 Capital expenditure for the estimated enhancement work to Leisure Facilities is profiled for 2018/19 to reflect the timeline in relation to new provider contract start dates.
- 4.7 Capital expenditure for upper floor refurbishment work at John Street. The ground floor reinstatement works as a result of flood damage are covered under the

Council's insurance. The work is required to ensure when the building is reopened, the whole building is available for occupation.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2017/18 to 2021/22 based on the announcements by Government in the spending review.

Source of Funding	Para	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Grants:						
• Disabled Facilities Grant	5.3	(1,467)	(1,467)	(1,467)	(1,467)	(1,467)
External Borrowing	5.4	0	(5,000)	0	0	0
Capital Receipts:						
• Generated in year – Asset Business Plan	5.5	(1,694)	(500)	0	0	0
• Generated in year – PRTB	5.5	(150)	0	0	0	0
Direct Revenue Financing / Invest to Save	5.6	(770)	(908)	(978)	(976)	(884)
TOTAL		(4,081)	(7,875)	(2,445)	(2,443)	(2,351)

- 5.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD34/16).
- 5.3 Disabled facilities grant allocation will not be known until January 2017, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 level. However as mentioned earlier this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the allocation will be.
- 5.4 External borrowing to fund Leisure facility enhancement work.

5.5 Capital receipts from the sale of fixed assets.

Capital receipts from the sale of assets have been updated following approval of a revised Asset Management Plan by Council in September (Report GD50/16)

The Preserved Right to Buy (PRTB) sharing arrangement with Riverside Group is for a fifteen year period with the Council being entitled to a pre-agreed reducing percentage of the receipts. PRTB sales are predicted to be in line with the original projections.

5.6 Direct revenue financing in relation to invest to save schemes.

6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2017/18 TO 2021/22

6.1 A summary of the estimated resources compared to the proposed programme year on year is set out below:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Estimated in year Resources available (para 5.1)	(4,081)	(7,875)	(2,445)	(2,443)	(2,351)
Proposed Programme (para 4.1)	3,232	7,438	2,478	2,246	3,148
Projected (Surplus)/Deficit	(849)	(437)	33	(197)	797
Cumulative B/Fwd Balance	1,861	1,012	575	608	411
Cumulative year end Position					
• Capital (Surplus) / Deficit	1,012	575	608	411	1,208

The table above shows there is an additional borrowing requirement from 2017/18. In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined during the course of this budget process:

- Fundamental review of current capital programme;
- No new major one-off schemes unless fully funded from grants or external funding;
- Providing an increased recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

There is also an assumption that the Rethinking Waste project will realise efficiency savings that will allow the revenue budget to contribute to the cost of replacement refuse vehicles.

7. CONSULTATION

- 7.1 The Resources, Environment and Economy and Community Overview and Scrutiny Panels will consider the requests for their areas of responsibility at their meetings in November and December. Feedback of any comments on the proposals will be made to the Executive in December prior to the Executive issuing their draft budget proposals for wider consultation.

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2016/17 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2017/18 to 2021/22 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 9.1 The capital programme includes a range of positive projects that will directly benefit the people of Carlisle.

Contact Officer: Steven Tickner

Ext: 7280

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Resources – Contained within the report

Scheme	Original Capital Programme 2016/17 £	Other Adjustments £	Revised Capital Programme 2015/16 £
Public Realm (S106)	62,100	0	62,100
Castle Way (S106)	329,700	0	329,700
Arts Centre	47,900	0	47,900
Old Town Hall Phase 2	88,100	0	88,100
Harraby School and Community Campus contribution	500,000	0	500,000
Planned Enhancements to Council Property	252,400	0	252,400
Vehicles, Plant & Equipment	856,400	1,241,100	2,097,500
ICT Infrastructure	44,900	0	44,900
Private Sector Grants	1,467,300	0	1,467,300
Public Realm Improvements	261,300	0	261,300
Play Area Developments & Open Spaces	1,500	230,400	231,900
Kingstown Industrial Estate	9,800	0	9,800
Bitts Park Improvements	212,500	0	212,500
Revenues & Benefits ICT Upgrades	45,200	0	45,200
Crindledyke Cycleway	281,000	0	281,000
Tennis Facilities	497,000	0	497,000
Closed Circuit Cycle Track Development	650,000	0	650,000
Durranhill Industrial Estate	1,157,800	0	1,157,800
Asset Review	992,900	0	992,900
Minor Works Grants	0	73,300	73,300
Broadband Connection Vouchers	0	2,600	2,600
Market Hall Roof	0	460,000	460,000
IC All Risk Flood Replacement	0	94,800	94,800
SUB-TOTAL	7,757,800	2,102,200	9,860,000
Capital Reserves to be released			
ICT Infrastructure	200,000	0	200,000
Market Hall Roof	460,000	(460,000)	0
Vehicles, Plant & Equipment	1,221,000	(1,221,000)	0
Old Town Hall / Greenmarket	380,000	0	380,000
	2,261,000	(1,681,000)	580,000
REVISED TOTAL	10,018,800	421,200	10,440,000

REVISED CAPITAL PROGRAMME 2016/17 – PROPOSED FINANCING

Source of funding	2016/17 Original £	2016/17 Revised £	Notes
Capital Grants:			
• DFG	1,467,300	1,467,300	1
• General	2,207,800	2,404,200	
Capital Receipts:			
• B/fwd from previous year	(371,620)	(371,620)	2
• PRTB receipts	150,000	150,000	
• Generated in year (Asset Review)	2,000,000	2,000,000	
Capital Contributions			
• General	672,800	753,700	4
Direct Revenue Financing	2,012,800	2,175,700	5
TOTAL FINANCE AVAILABLE	8,139,080	8,579,280	
TOTAL PROGRAMME (SEE APP A)	10,018,800	10,440,000	
PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE	1,879,720	1,860,720	

Notes:

- Capital grant include funding for Durranhill Industrial Estate (£1,157,800), Tennis Facilities (£400,000), Cycle Track Development (£650,000), Play Area Developments (£120,500), Minor Works Grants (£73,300) and Broadband Connection Vouchers (£2,600).
- Revised projections from Riverside Group for 2016/17 will be provided in a future report to the Executive.
- General receipts relate to Castle Way S106 (£329,700), Public Realm S106 (£62,100), Play Areas & Open Space Improvements (£80,900) and Crindledyke Cycleway (£281,000).
- Changes to Direct Revenue Financing relate to Solar Panels (£3,400), Capital Enhancements to Council Property (£15,600), Vehicle Plant & Equipment (£20,100), Play Area Developments (£29,000) and All Risk Flood Replacement (£94,800).

Report to Executive

Agenda
Item:

A.1(d)

Meeting Date: **21st November 2016**
Portfolio: **Finance, Governance and Resources**
Key Decision: **Yes**
Within Policy and
Budget Framework **YES**
Public / Private **Public**

Title: **CORPORATE ASSETS
3 YEAR REPAIR AND MAINTENANCE PROGRAMME
2017/18 – 2019/20**

Report of: **CORPORATE DIRECTOR OF GOVERNANCE & REGULATORY
SERVICES**

Report Number: **GD64/16**

Purpose / Summary:

This report sets out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the 3 year period 2017/18 to 2019/20 required to ensure the legal responsibilities of the City Council are met. It also provides a progress update on building maintenance.

Recommendations:

1. The 3 year revenue maintenance programme set out in Appendix A be approved with the budget of £736,400 for 2017/18 and considered as part of the budget process
2. The 2017/18 capital budget of £150,000 is approved and considered as part of the budget process.
3. That the list of capital projects selected to meet the budget of £150,000 is approved.

Tracking

Executive:	21st November 2016
Overview and Scrutiny:	N/A
Council:	N/A

1. BACKGROUND

1.1 Maintenance Strategy

Local Authorities have a duty to manage their property assets, particularly operational assets, in a safe and efficient manner and which contributes to the quality of service delivery. This maintenance strategy is fully integrated with the Asset Management Plan and environmental policy.

The Council follows good practice by, where practical, allocating its budget, 70% planned maintenance and 30% reactive maintenance.

1.2 Revenue Budget

The revenue maintenance budget is approximately £736,400 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

As per recommendation R6 in the 2012 *Audit of Facilities Management* the maintenance budgets for next year and those for the next 3 years (based on a continuation basis as set out in the Medium Term Financial Plan) are included as Appendix A. It should be emphasised that whilst this allocation is necessary for budget purposes the Building Maintenance and Projects Manager (authorised by the Corporate Director of Governance and Regulatory) can re-distribute these to meet specific or emergency needs. This flexibility is essential to avoid any service disruption.

1.3 Planned Maintenance

The Council has a capitalised major repairs and improvement programme with a provision of £150,000 included in the capital programme. This sum is allocated according to need with priority being given to those projects with health and safety, legal compliance and preservation of assets arising from the five year plan.

Each Council asset has a 5-year maintenance programme and these are updated every year following inspection by the Facilities team. The data collected is fed into the Asset Management Plan and is used to produce key performance indicators.

1.4 Status Analysis

The maintenance schedule figure on the operational buildings is currently £2,499,100 and is based on a costed 5 year plan derived from a rolling

programme of Condition Surveys. The figure reduces as maintenance projects are completed under the capital works programme and increases as condition surveys identify new maintenance projects. The sale and acquisition of properties also affects the backlog figure.

It is anticipated however, that the reduction in the capital schemes special project fund to £150,000 per year will begin to affect future figures.

2. PROPOSALS

Planned Maintenance Capital Programme 2017/18

The following projects reflect the highest priority projects to be funded from capital. The allocation of £150,000 for capital projects is half of the amount allocated in previous years. This reflects the Council's current financial situation. The effect of reducing the budget will likely result in an increase in the number of properties awaiting maintenance although this could be alleviated by disposal of properties with a high maintenance requirement.

PROPERTY	PROJECT	COST
Carlisle Cemetery	Re-paint boundary railings	£ 5,000
Carlisle Crematorium	Lightning protection upgrade	£ 8,000
Carlisle Crematorium	Replace timber windows in exit corridor	£11,500
Carlisle Crematorium	Dalston Road Wall rebuilding	£10,000
Carlisle Crematorium	Repairs to access roads	£30,000
The Sands	Secondary Hall roof over coating	£10,000
West walls	Stone repointing & repairs	£20,000
Castle Banks	Stone wall repairs	£10,000
Tullie House	Plant replacement	£20,000
Irish Gate Bridge	Mechanical overhaul, south side	£10,000
Bousteads Grassing	Renew boiler in joiners shop	£15,500
	TOTAL	£150,000

3. CONSULTATION

Consultation has taken place with the Building & Facilities, Manager, the Property Service Managers and Finance.

4. Recommendations:

1. The 3 year revenue maintenance programme set out in Appendix A is approved with the budget of £736,400 for 2017/18 and considered as part of the budget process
2. The 2017/18 capital budget of £150,000 is approved for consideration as part of the budget process.

3. That the list of capital projects selected to meet the budget of £150,000 is approved.

5. REASONS FOR RECOMMENDATIONS

To plan the Council's repairs and maintenance programme and make proposals for future revenue and capital budgets to meet these requirements.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

The repair and maintenance of property assets provides support for all of the council's operations and is essential to protect the value of assets and the efficient running of services thus contributing to all corporate priorities.

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:
Asset Management Plans 2005/06 & 2006/07

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – none

Economic Development – none

Governance – The reduced funding will have a negative effect on the condition ratings required for asset management. A minimum standard of maintenance is required for the Council to comply with its health and safety obligations and responsibilities to ensure the safety of persons on its property.

Resources – Property assets require maintenance to ensure safe and efficient premises for the delivery of services. The risks arising from failure to maintain adequately include loss of asset value, claims and legal action. The maintenance programme outlined in this report is in line with the current MTFP.

Contact Officer: **Barbara Vernon** **Extension 7422**

APPENDIX A

MUNICIPAL MAINTENANCE BUDGET 2017/18 – 2019/20

Cost Code	Description	2017/18 £	2018/19 £	2019/20 £
10110/1010	Bousteads Grassing/Prog Repair	7,900	8,100	8,200
10110/1059	Bousteads Grassing/M & E Maintenance	1,100	1,100	1,100
11057/1011/52603	Public Clocks/React Rep & Main	4,000	4,100	4,200
11057/3010/52602	E.C. Regulations/Lamps&Tubes	7,900	7,900	7,900
11057/3907/52503	Energy Fund	14,800	15,100	15,400
15100/1011	Allotments/React Rep & Maint	4,600	4,700	4,800
15120/1010	Bitts Park Depot/Prog Rep & Mnt	7,900	8,100	8,200
15120/1011	Bitts Pk Depot/React Rep&Main	4,100	4,200	4,300
15140/1010	Play Areas/Prog Repair & Main	8,600	8,800	8,900
15140/1011	Play Areas/React Rep & Maint	20,700	21,100	21,500
15160/1010	Green Space Operatns/Prog Rep & Maint	16,300	16,600	17,000
15160/1011	Green Spaces Ops/React Rep & Maint	27,200	27,700	28,300
15170/1010	Talkin Tarn/Programmed Repair & Maint	8,900	9,100	9,300
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,300	2,300	2,400
16050/1010	Tullie House Build Servs/Prog R & M	20,200	20,600	21,000
16050/1011	Tullie House Build Servs/React R & M	25,300	25,800	26,300
16050/1014	Tullie Hse/Millennium Gallery Planned	3,300	3,400	3,400
16050/1014	Tullie Hse/Millennium Gallery Reactive	7,300	7,400	7,600
16050/1014	Irishgate/Lift Planned Maintenance	16,300	16,600	17,000
16050/1014	Irishgate/Reactive Maintenance	7,900	8,100	8,200
16480/1010	Guildhall/Prog Repair & Maint	4,500	4,600	4,700
16490/1010	Arts Centre/Prog Repair & Maint *	13,100	13,400	13,600
16490/1011	Arts Centre/Reactive Repair & Maint *	13,100	13,400	13,600
16570/1010	Sands Client/Prog R & M	15,000	15,300	15,600
16570/1011	Sands Client/Reactive R & M	8,300	8,500	8,600
16580/1010	Pools Client/Prog Rep & Maint	12,000	12,200	12,500
16580/1011	Pools Client/React Rep & Main	8,100	8,300	8,400
16590/1010	Outdoor Rec Clnt/Prog Rep&Maint	22,400	22,800	23,300
16590/1011	Outdoor Rec Clnt/React Rep&Main	11,500	11,700	12,000
18010/1010	Civic Centre/Prog Rep & Maint	40,100	40,900	41,700
18010/1011	Civic Centre/React Rep & Main	46,100	47,000	48,000
18010/1014	Civic Centre/Office Alteratns	9,900	10,100	10,300
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	3,900
18010/4010	Civic Centre/Lift Maintenance	18,700	19,100	19,500
18010/4025	Civic Centre/Security	4,100	4,200	4,300
21100/1010	Enterprise Centre/Prog Rep/Mn	24,000	24,500	25,000
21100/1011	Enterprise Centre/React Rep&M	17,700	18,100	18,400
21600/1010	Comm Centres Gen/Prog Rep & Main	79,800	81,400	83,000
21600/1011	Comm Centres Gen/React Rep&Maint	50,900	51,900	53,000
24500/1010	Public Conveniences/Prog Repair & Main	11,800	12,000	12,300
24500/1011	Public Con/React Rep & Maint	19,000	19,400	19,800
25511/1010	Water Street Hostel Programmed Repair & Maint	3,600	3,700	3,700
25511/1011	Water Street Hostel Reactive Repair & Maint	5,400	5,500	5,600
25520/1010	Shaddongate(St Johns Hostel)/Prog Rep & Maint	1,400	1,400	1,500
25520/1011	Shaddongate React/Rep & Maint	6,200	6,300	6,500
25530/1010	Hostel Homeshares/Program R&M	2,500	2,600	2,600
25530/1011	Hostel Homeshares/React R&M	9,300	9,500	9,700

26510/1010	Cemeteries/Prog Repair & Main	19,600	20,000	20,400
26510/1011	Cemeteries/React Rep & Maint	11,200	11,400	11,700
26520/1010	Crematorium/Prog Rep & Maint	5,200	5,300	5,400
26520/1011	Crematorium/React Rep & Maint	9,300	9,500	9,700
42570/1011	Ind Est James St/Rep&Maint Rc	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	4,900	5,000	5,100
43070/1010	Old Town Hall/Prog Rep & Main	4,000	4,100	4,200
43070/1011	Old Town Hall/React Rep&Maint	1,600	1,600	1,700
Total All Projects		736,400	751,000	765,900

Report to Executive

Agenda
Item:

A.1(e)

Meeting Date: 21 November 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT SEPTEMBER 2016 AND FORECASTS FOR 2017/18 TO 2021/22
Report of: CHIEF FINANCE OFFICER
Report Number: RD34/16

Purpose / Summary:

This report provides 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 discusses the City Council's Treasury Management estimates for 2017/18 with projections to 2021/22. Also included is information regarding the requirements of the Prudential Code on local authority capital finance.

Recommendations:

That this report be received and that the projections for 2017/18 to 2020/21 be incorporated into the budget reports considered elsewhere on the agenda.

Tracking

Executive:	21 November 2016
Overview and Scrutiny:	6 December 2016
Audit Committee:	22 December 2016
Council:	n/a

1. INTRODUCTION

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period to September 2016
 - **Appendix A1** – Treasury Transactions July to September 2016
 - **Appendix A2** – Investment Transactions July to September 2016
 - **Appendix A3** – Outstanding Investments at September 2016 and
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2016/17:
 - **Appendix B1** – Prudential Code background
 - **Appendix B2** – Prudential Indicators
- (iii) **Appendix C** sets out the base Treasury Management estimates for 2017/18 with projections to 2021/22 which are included as potential budget pressures elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. As interest rates are not forecast to rise in the medium term, revisions have been made to the interest achievable. Average cash balances will need to be amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

2. CONSULTATION

2.1 Consultation to Date.
None.

2.2 Consultation proposed.
The Resources Overview and Scrutiny Panel and the Audit Committee will consider this report as part of the budget process.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

3.1 That this report be received and that the projections for 2017/18 to 2021/22 be incorporated into the budget reports elsewhere on the agenda.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer:	Steven Tickner	Ext: 7280
Appendices	Appendix A1 – Treasury Transactions July to September 2016	
attached to report:	Appendix A2 – Investment Transactions July to September 2016	
	Appendix A3 – Outstanding Investments at 30 September 2016	
	Appendix B1 – Prudential Code background	
	Appendix B2 – Prudential Indicators	
	Appendix C – Treasury Projections 2017/18 – 2021/22	

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive – not applicable

Economic Development – not applicable

Governance – The Council has a fiduciary duty to manage its finances properly and the proper reporting of budget monitoring is part of this process.

Resources – Contained within the report

TREASURY TRANSACTIONS
JULY 2016 to SEPTEMBER 2016

1. LOANS (DEBT)1.1 Transactions July to September 2016

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

This provides a summary of any loans that have been raised or repaid, analysed by type, since the previous report. New procedures have been put in place to map the cash flow more accurately to enable better forecasting and to limit the amount of short term/overnight borrowing which may be required.

1.2 Loans (Debt) Outstanding at September 2016

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	13,300
	15,013,300

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 30 September 2016 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	13,300
			13,300

1.5 Interest Rates

Capita are forecasting a further reduction in interest rates to 0.10% before the end of the year with rates not rising again until Quarter 2 of 2018.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	29,725,000	0.38 - 0.62	26,230,000	0.38 - 0.80
	29,725,000		26,230,000	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 30 September 2016.

3 REVENUES COLLECTED

To: 30 September 2016		Collected £	% of Amount Collectable %
2016/17	Council Tax NNDR	29,944,677 26,320,394	56.27 57.94
Total		56,265,072	57.04
2015/16	Council Tax NNDR	29,418,449 25,123,526	56.99 57.30
Total		54,541,975	57.13
2014/15	Council Tax NNDR	28,505,557 24,614,168	57.14 57.76
Total		53,119,724	57.43

Collection levels have been fairly stable in each of the past three years.

4 BANK BALANCE

At 30 September 2016 £48,775.43 in hand.

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

5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS
TO SEPTEMBER 2016
 April –September 2016

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(128)	(150)	(22)
Interest Payable	191	190	(1)
Less Rechargeable	0	0	0
	191	190	(1)
Principal Repaid	673	516	(157)
Debt Management	15	12	(3)
NET BALANCE	751	568	(183)

The estimate column is the profiled budget to 30 September 2016.

Interest receivable is still exceeding budgeted projections even though average investment returns have fallen slightly against that forecast when the budget was set. This fall in returns is partly due to the reduction in bank base rates 0.25% although investment rates have not yet seen the same 0.25% reduction. The CCLA property investment saw a decrease in the capital value to the end of June, but has steadied since in the second quarter with the valuation remaining at a similar level. Dividends and yield remain at over 4.89%

APPENDIX A2

SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2016

	£		£
Standard Life	2,000,000.00	Bank of Scotland	1,000,000.00
Federated Investors	3,750,000.00	Barclays	1,000,000.00
Bank of Scotland	1,000,000.00	Handelsbanken	2,050,000.00
Barclays	1,000,000.00	Handelsbanken	1,650,000.00
Handelsbanken	1,700,000.00	Federated Investors	145,000.00
Handelsbanken	2,100,000.00	Nationwide	1,000,000.00
Nationwide	1,000,000.00	Standard Life	2,290,000.00
Standard Life	4,000,000.00	Handelsbanken	100,000.00
Federated Investors	1,045,000.00	Federated Investors	900,000.00
Handelsbanken	680,000.00	Standard Life	115,000.00
Handelsbanken	2,170,000.00	Standard Life	165,000.00
Handelsbanken	1,150,000.00	Standard Life	1,700,000.00
HSBC	4,375,000.00	Standard Life	190,000.00
Federated Investors	1,375,000.00	Standard Life	1,830,000.00
HSBC	415,000.00	Federated Investors	1,325,000.00
HSBC	465,000.00	Handelsbanken	3,645,000.00
Bank of Scotland	1,500,000.00	Handelsbanken	355,000.00
		Federated Investors	50,000.00
		Federated Investors	1,165,000.00
		Federated Investors	1,105,000.00
		HSBC	1,220,000.00
		Federated Investors	1,730,000.00
		Bank of Scotland	1,500,000.00
TOTAL	29,725,000		26,230,000
		Bfwd	19,821,180
		Paid	29,725,000
		Repaid	26,230,000
		Total	23,316,180
		CCLA Change	-118,521
		Total	23,197,659

Outstanding Investments as at 30 September 2016

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC Bank Plc	4,035,000	0.40%					0
R	Bank of Scotland Plc	2,000,000	0.80%	01/04/2016	03/10/2016	3	185	8,110
R	Barclays Bank Plc	1,000,000	0.64%	05/04/2016	05/10/2016	5	183	3,209
R	Bank of Scotland Plc	1,000,000	0.80%	07/04/2016	07/10/2016	7	183	4,011
R	Bank of Scotland Plc	1,500,000	0.80%	15/04/2016	14/10/2016	14	182	5,984
R	Nationwide Building Society	1,000,000	0.71%	19/05/2016	21/11/2016	52	186	3,618
R	Nationwide Building Society	1,000,000	0.71%	24/05/2016	23/11/2016	54	183	3,560
R	Barclays Bank Plc	1,000,000	0.63%	27/05/2016	27/11/2016	58	184	3,176
R	Bank of Scotland Plc	1,000,000	0.80%	31/05/2016	30/11/2016	61	183	4,011
R	Nationwide Building Society	1,000,000	0.66%	21/06/2016	21/12/2016	82	183	3,309
R	Nationwide Building Society	1,000,000	0.46%	22/07/2016	22/12/2016	83	153	1,928
R	Barclays Bank Plc	1,000,000	0.59%	29/06/2016	03/01/2017	95	188	3,039
R	Bank of Scotland Plc	1,000,000	0.80%	04/04/2016	04/01/2017	96	275	6,027
R	Barclays Bank Plc	1,000,000	0.51%	05/07/2016	05/01/2017	97	184	2,571
R	Bank of Scotland Plc	1,500,000	0.65%	30/09/2016	30/03/2017	181	181	4,835
R							0	0
	Total Investments	£20,035,000	0.63%			63	176	£57,387

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) ¹	Initial Market Value (£)	Unrealised Growth (£)
CCLA Property Fund	3,162,659	4.89%	31/07/2014	3,000,000	(163,104)	2,836,896	162,659

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

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

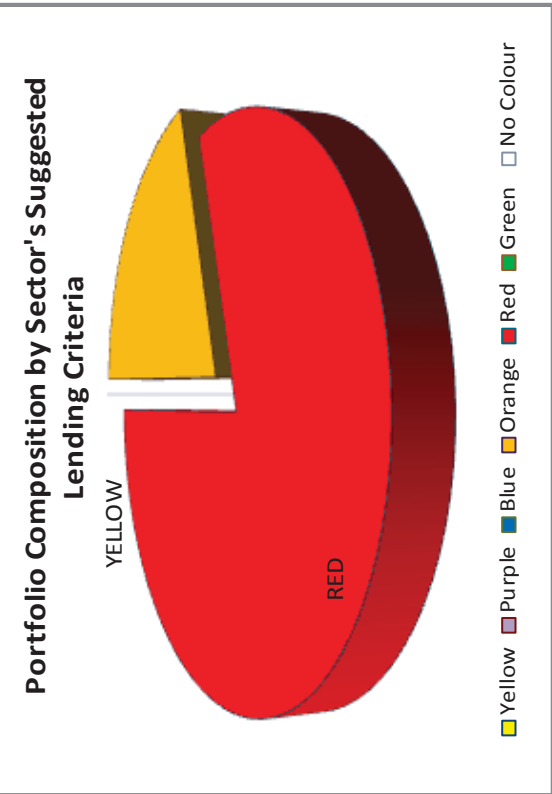
The category colour represents the duration of investment recommended by Sector, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investment Summary Sheet

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Maturity from Execution
Yellow	0.00%	-	0.00%	-	0.00%	0.00%	0	0.00%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0.00%	0	0.00%	0	0
Orange	20.14%	4,035,000	100.00%	4,035,000	20.14%	0.40%	0	0.40%	0	0
Red	79.86%	16,000,000	0.00%	-	0.00%	0.69%	62	0.69%	62	187
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0.00%	0	0
	100.00%	20,035,000	23.88%	4,035,000	20.14%	0.63%	75	0.63%	75	132

	Risk Score for Colour (1 = Low, 7 = High)	Sep 2016	Jun 2016	Mar 2016	Sep 2015
1	0.0	0.0	0.3	0.2	0.3
2	0.0	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0	0.0
4	0.8	0.8	0.0	0.2	0.0
5	4.0	4.0	0.9	3.8	3.5
6	0.0	0.0	3.2	0.0	0.0
7	0.0	0.0	0.0	0.0	0.0
	4.8	4.2	4.2	4.2	3.8

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



Normal' Risk Score

3.5 3.5 3.5 3.5

THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

1. Introduction

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

2. Prudential Indicators

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

3. Supported and Unsupported (or Prudential) Borrowing

- 3.1 Local authorities have always funded a substantial element of their capital programme via borrowing. This continues to be the case but until the introduction of the Code any local authority borrowing was essentially based upon a government 'permission to borrow'. Differing types of government control operated over the years but since 1990 these had been termed credit approvals. The level of an authority's previous years' credit approvals is also included in the revenue support grant (RSG) allocation so that ultimately any borrowing is 'supported' via RSG.

- 3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its capital borrowing would be limited to its level of supported borrowing. In 2016/17 this is estimated to be Nil.
- 3.3 However, there may be circumstances in which the City Council will wish to undertake some prudential borrowing and the issues surrounding unsupported and supported borrowing are discussed below.
- 3.4 Authorities are permitted to borrow in excess of their supported borrowing allocation. This is referred to as prudential or unsupported borrowing. This can be undertaken so long as the Council can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, capital expenditure, and treasury management. Set out below are the indicators for 2016/17 to date as detailed in the Treasury Management Strategy Statement for 2016/17.

(a) Affordability

	2016/17 Original Estimate £	2016/17 Revised Estimate £
(i) Capital Expenditure	4,595,000	10,440,000
(ii) Financing Costs Total Financing Costs	1,736,000	1,579,000
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	12,235,000	12,235,000
(iv) Ratio of Financing Costs to Net Revenue Stream The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	14.19%	12.91%
(v) Incremental Impact on Council Tax This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	20.91	16.06
(vi) Authorised Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities	37,600,000	37,600,000
	15,013,300	15,013,300
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2016/17 Original Estimate £	2016/17 Revised Estimate £
(vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,013,300	32,600,000 15,013,300
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	10,800,000	15,649,000

(b) Prudence and Sustainability

	2016/17 Original £
(i) New Borrowing to Date No Long Term Borrowing has been taken in 2016/17 to date	0
(ii) Percentage of Fixed Rate Long Term Borrowing at September 2016	100%
(iii) Percentage of Variable Rate Long Term Borrowing at September 2016 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
(iv) Minimum Level of Investments Classified as Specified Level of Specified Investments as at September 2016 As part of the Investment Strategy for 2016/17, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%

TREASURY AND DEBT MANAGEMENT BASE ESTIMATES

APPENDIX C

Set out below are the base treasury management estimates for 2016/17 and 2017/18 with projections to 2021/22

TREASURY MANAGEMENT BUDGET						
Carlisle City Council						
	2016/17 Revised £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Interest Payable	1,319	1,320	1,436	1,433	561	558
Core MRP	516	554	474	623	579	525
Principal Repayments	0	0	0	0	0	0
Debt Management						
Sector	15	15	16	16	16	17
Publications	1	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(23)	(21)	(21)	(21)	(21)	(21)
Total Expenditure	1,827	1,869	1,905	2,051	1,136	1,079
Interest Receivable	(232)	(214)	(236)	(333)	(469)	(582)
Other Interest Recharged	3	3	3	3	3	3
Total Income	(229)	(211)	(233)	(330)	(466)	(579)
Treasury Management Net Expenditure	1,598	1,658	1,672	1,721	669	500
Council Resolution Budget 16/17	1,734	1,471	1,684	1,559	854	853
Difference to Council Resolution Position	(136)	187	(12)	162	(185)	(353)
Cumulative Difference to Council Resolution Position	(136)	51	40	202	17	(335)

Report to Executive

Agenda
Item:

A.1(f)

Meeting Date: 21 November 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD21/16
Within Policy and Budget Framework YES
Public / Private Public

Title: LOCAL TAXATION 2017/18 – 2021/22
Report of: CHIEF FINANCE OFFICER
Report Number: RD38/16

Purpose / Summary:

This report outlines 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. This includes 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 (LSCT), and Business Rate Retention (including Pooling arrangements).

Recommendations:

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2017/18 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2017/18 subject to the continuing involvement of the other partners which will be formally agreed in January 2017 with the final decision on participation being delegated to the Chief Finance Officer.

Tracking

Executive:	21 November 2016, 19 December 2016
Overview and Scrutiny:	ROSP 06/12/16; EEOSP 01/12/16; COSP 24/11/16
Council:	

1. INTRODUCTION

- 1.1. This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2017/18 onwards.

2. COUNCIL TAX

2.1 Level of Council Tax

The Medium Term Financial Plan assumes that the City Council element of residents Council Tax bills will increase by **1.95% per annum** between 2017/18 and 2021/22. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Band D Council Tax	£197.20	£201.05	£204.97	£208.96	£213.04	£217.19
Year on Year Increase £		£3.85	£3.92	£3.99	£4.08	£4.15
Year on Year Increase %		1.95%	1.95%	1.95%	1.95%	1.95%

The Government have proposed, and contained within the 2017/18 Local Government Finance Settlement – Technical Consultation document, that the referendum limit of 2% be continued, however, that Shire District Councils be allowed to increase council tax by either 2% or £5, whichever is higher. This consultation only closed on 28 October, and it is yet to be announced whether this proposal will be adopted. If it were to be adopted, the City Council could increase its level of Council Tax by £5 which would have the following effect:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Band D Council Tax	£197.20	£202.20	£207.20	£212.20	£217.20	£222.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.54%	2.47%	2.41%	2.36%	2.30%

Increasing by the £5 per Band D charge would also increase the total yield raised from Council Tax. Based on the current estimates included in the MTFP and before any changes to tax base are considered, the increase in yield by raising by £5 would be as follows:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
MFTP Tax Base	32,138.68	32,228.35	32,318.26	32,408.43	32,498.85	32,589.52
MFTP Council Tax Yield (£000)		£6,480	£6,624	£6,772	£6,924	£7,078
Council Tax Yield @ £5 increase		£6,517	£6,696	£6,877	£7,059	£7,241
Increased Yield (£000)		£37	£72	£105	£135	£163

2.2 Council Tax Surplus/Deficit

The Medium Term Financial Plan assumes that there will be a recurring surplus on the Collection Fund for Council Tax of £50,000. An estimate of the year end surplus is undertaken in January each year and this estimate is then incorporated into the budget process as the amount that will either be recovered from Council Tax or repaid to taxpayers through a lower Council Tax requirement in following years. The year-end position for 2015/16 was higher than that estimated in January for 2016/17, therefore, there is likely to be a higher surplus to be distributed in 2017/18 compared to that currently included in the budget. This will not be known until the calculation is made on 15 January 2017 (the statutory date for calculation).

2.3 Council Tax Base

The Medium Term Financial Plan assumes that the Tax Base for Council Tax purposes will grow by 0.279% per annum. The tax base is not formally calculated for inclusion in the budget process until early January and relies on information to be provided by the Valuation Office on the number of households in the area. The taxbase is also adjusted for the expected number and type of discounts to be given against each Council Tax Banding. These adjustments for discounts also take into account the number of claimants for Local Support for Council Tax Discount, under the Council Tax Reduction Scheme.

The tax base calculation currently assumes a collection rate for Council tax of 98.5%. This can be reviewed when the tax base is calculated and also take into account historical collection performance.

A review of Single Persons Discounts is also currently being undertaken on a county wide basis. Once the results of this exercise are known, the taxbase calculations can then be adjusted.

2.4 Local Support for Council Tax (Council Tax Reduction Scheme)

Since April 2013, billing authorities including Carlisle have been required to agree and administer a local Council Tax Reduction Scheme (CTRS) which replaced the Government's Council Tax Benefit Scheme (CTB).

This was a major change affecting a key statutory service. Under CTB, qualifying claimants had their Council Tax liability reduced/fully rebated by a benefit payment scheme administered by Local Authorities but fully funded by DWP.

Under CTRS, qualifying claimants have their Council Tax reduced/fully rebated. This is factored into the Council Tax base calculations and ultimately leads to a loss of Council Tax income which is currently partly offset by Government grant (subsumed into Revenue Support Grant (RSG)). Due to the reductions in RSG, and with RSG being phased out by 1st April 2019, the cost of CTRS to the Council rises steeply over the next few years (see Table 1 below) reaching nearly £875,000 by 2019/20. **The impact of this increase is built into the MTFP.**

Table one: Cost of CTRS to Carlisle City Council

Financial Year	Amount Awarded £	Carlisle Share of Amount Awarded	Carlisle Share of RSG Grant	Net Cost to Carlisle	Amount Paid to Parishes	Funded by Carlisle CC
		12.20%				
2013-14	7,201,667	878,603	816,214	62,389	53,884	8,505
2014-15	6,850,598	835,773	619,637	216,136	53,884	162,252
2015-16	6,618,910	807,507	447,582	359,925	53,884	306,041
2016-17	6,764,774	825,302	306,030	519,272	53,884	465,388
2017-18	6,896,687	841,396	171,257	670,138	23,730	646,408
2018-19	7,031,172	857,803	89,516	768,287	11,326	756,960
2019-20	7,168,280	874,530	0	874,530	0	874,530

2.4.1 Local Discretion CTRS

Under the regulations the Council can, subject to consultation, set up a local scheme requiring working age claimants to contribute towards Council Tax liability.

The Council was one of a minority of Councils that chose not to opt for a local scheme (but to adopt the default statutory scheme as our local scheme) when CTRS was introduced in 2013/14. The reasons for this were:

- As pensioners are protected under the regulations, any Council Tax levied would only be against working age CTRS claimants;
- There was concern about the impact of any reduction to CTRS given the other welfare cuts, especially in relation to low income working households. For example a 20% reduction in CTRS that many Authorities have introduced would cost the average claimant £200 – 250 per annum or £5 per week;
- Recovering Council tax liability from such low income groups would significantly increase the Council's collection/recovery costs and it is

doubtful that a majority of Council Tax would actually be paid which would increase write offs.

It should be noted that in 2016/17 only 41 Councils (including the six Cumbrian Districts) have maintained a fully rebated CTRS Scheme. Of those that have introduced a local scheme, Kettering BC require all Council taxpayers to pay at least 45% of their council tax liability.

2.4.2 Cost of Maintaining Existing Fully Rebated CTRS Scheme

In 2016/17 the total reduction in Council Tax bills through CTRS was £6,764,774. Total claimants were as follows.

Table 2 CTRS Claimants

	Number:	Est Costs:
Pensionable Age (Fully rebated)	3,673	£2,760,000
Working Age	<u>5,329</u>	<u>£4,005,000</u>
Total	9,002	£6,765,000

As set out in Table 1, the net cost of CTRS to the Council in 2016/17 is £465,390 with £275,500 of this relating to working age claimants.

However by 2019/20 the net cost of CTRS to the Council will be £874,530 with £517,700 of this relating to working age claimants.

2.4.3 Options for Change

There are many ways in which the current local CTRS could be changed. Based on what most Councils have done, some of the changes that could be considered include:

- i) All working age claimants make a minimum payment 'say' 20%;
- ii) Restrict maximum reduction to that of a Band D property;
- iii) Remove income disregards for certain types of income e.g. child benefit;
- iv) Introduce a banded reduction scheme where reductions are awarded based on income bands (administratively complicated)

Only (i) would raise significant income for the Council and in 2017/18 this would likely be only £76,530. This would probably only just cover the Council's costs of collection and bearing in mind the likely write-offs, is unlikely to make business sense.

As the cost of fully funding CTRS will be £875,000 by 2019/20, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the County Council and Police Authority, as consultees to any proposed changes.

2.4.4 Consultation requirements

If the Council wishes to change its fully rebated CTRS Scheme in future it would need to consult widely with the Police and Crime Commissioner, the County Council, claimants and welfare agencies. This would take some time and would need to commence by early June to be included in the following year's budget proposals. Therefore it is will not be possible to change the scheme for 2017/18 at this point in time.

The statutory provisions are silent on the consultation required when a Council is not proposing to change its CTRS Scheme, hence no consultation has taken place since fully rebated scheme was introduced in 2013/14.

Cumbria Chief Finance Officers (CCFOs) discuss the CTRS Scheme each year, and to date there has been a consensus that the six districts maintain a fully rebated CTRS Scheme.

It is therefore recommended that the current statutory default scheme be continued for 2017/18.

3.0 BUSINESS RATES

3.1 Business Rate Retention

The Medium Term Financial Plan incorporates the baseline funding assessment for retained business rates as set by the Government in the Local Government Finance Settlement. On top of this, additional income is incorporated into the budget, on the expectation that the retained element of business rate receipts over and above this level will be achieved. This will be through a combination of receipt of Section 31 grants to compensate the Council for reliefs and discounts provided by the Government, e.g. Small Business Rate Relief, natural growth in business rate income and also from the benefits of participating in the Cumbria Business Rate Pooling arrangements.

Total income from Business Rates included in the MTFP is as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000
Baseline Funding	3,112	3,204	3,266	3,411	3,513
Additional Business Rate Income	700	750	900	900	900
	3,812	3,954	4,166	4,311	4,413

Significant changes are on the horizon for Business Rates with the Government's intention to allow Local Authorities to retain 100% of business rates within the sector rather than the current 50/50 arrangement. This is due to be implemented

nationwide by 2020, with limited pilots occurring in the preceding years in areas such as Manchester.

Although Local Authorities as a whole will retain all business rates, individual Council's will not retain all the Business Rates they collect locally. There will still be arrangements in place that use formula grant calculations to determine the needs assessment of an individual area and this will then be used to re-distribute business rates nationally via a system of top-ups and tariffs, much like what occurs under the current arrangements.

There is therefore a risk that depending upon the formula used for determining the baseline levels for each authority, any growth achieved in the years preceding 2020 could be absorbed nationally and be subject to national redistribution through the top-up and tariff system. This would effectively reset the Business Rate retention baselines. If this were to occur, the additional income the Council currently budgets for from Business Rates (£900,000 from 2019/20) may be at risk if the new baseline is set below the aggregate of the current baseline projection plus £900,000.

Conversely, there may also be opportunities from the full retention of business rates. The growth in business rates achieved nationally up until 2020 will mean that the overall pot for redistribution will be bigger, and thus, should see a rise in baseline funding levels.

Further consideration to be mindful of with the introduction of 100% business rates are the funding splits between upper and lower tier authorities and the additional responsibilities that will be passed on to local authorities. In the current system, 50% business rates are retained by Central Government, 40% by the District Council and 10% by the County Council. Counties are pushing for a greater share of the additional 50% that will not be passed on to central government. This is not necessarily a cause for alarm for districts however, as along with a greater share of the benefits, also comes a greater share of the risks for Counties, for example around volatility of business rate appeals and refunds.

The Government has consulted on the proposed additional burdens to be passed on to local authorities as part of the 100% retention. The majority of the areas under consideration would fall to upper tier authorities, e.g. around social care and public health. District Councils will likely to be asked to pick up the costs of Housing Benefit Administration for pensioners and Local Support of Council Tax (LSCT) Administration which is currently provided as a specific grant. This Council currently

receives £125,000 for LSCT administration and £375,000 for housing benefit administration in its entirety.

Until further details are known about how the new system will work in practice and what formula and needs assessment will be undertaken, it is not possible to determine the possible effects on the Council with any degree of certainty.

A full revaluation of all business properties has been undertaken by the Valuation Office and the results of which will be used to determine new rateable values from April 2017. This affects 1.9million properties nationwide. The Council has received the draft valuation figures from this exercise with a further draft to be provided in mid-December. Once the new rateable values and Business Rate bills are issued, there is likely to be an increase in the number of appeals made. This will be subject to a new process being introduced by the Valuation office. The DCLG is currently consulting on transitional arrangements for the new valuations and rates payable dependent upon the size of the businesses rateable value.

3.2 Business Rate Pooling

The Council has successfully participated in the Cumbria Business Rate Pool arrangements since 2014/15. This allows the Council to benefit from the 50% business rate growth in Cumbria that would normally be passed back to Central Government as levy payments. The Council benefited by £289,156 in 2015/16 and £157,698 in 2014/15.

It is again proposed that the Council continues to participate in the Cumbria Pool for 2017/18.

4.0 SUMMARY OF ASSUMPTIONS

- A 1.95% Council Tax increase for 2017/18 onwards.
- A Council Tax Surplus for 2017/18 onwards of £50,000. The actual figure for 2017/18 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £700,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2017/18 rising to £900,000 in 2019/20.
- An assumed taxbase of 32,228.35 for 2017/18. The final taxbase for 2017/18 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2017/18 is for a total of £544,000 (including approximately £24,000 in Government Grant for Council Tax reduction scheme.) The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

- Each 1% (£1.95) movement in Council Tax impacts on the Council by £67,000
- Each £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

5.0 CONSULTATION

5.1 The Resources Overview and Scrutiny Panel will consider this report on 6 December 2016, and their views fed back to the Executive on 12 December. The draft budget proposals will then be issued by the Executive on 19 December, and will be subject to wider internal and public consultation.

6.0 RECOMMENDATIONS

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2017/18 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2017/18 subject to the continuing involvement of the other partners which will be formally agreed in January 2017 with the final decision on participation being delegated to the Chief Finance Officer.

:

7.0 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 To ensure that a balanced budget is set.

Contact Officer: Steven Tickner

Ext: 7280

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Resources – contained within the body of the report

Report to Council

Agenda
Item:

18(i)

Meeting Date: 13 September 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD09/16
Within Policy and Budget Framework YES
Public / Private Public

Title: MTFP 2017/18 TO 2021/22
Report of: DIRECTOR OF RESOURCES
Report Number: RD16/16

Purpose / Summary:

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

Recommendations:

The Council is asked to

- (i) approve the Medium Term Financial Plan for the period 2017/18 to 2021/22, and
- (ii) approve the acceptance of the 4 yearly settlement offer from the DCLG, through the production of an Efficiency Plan.

Tracking

Executive:	1 August 2016
Overview and Scrutiny:	4 August 2016
Executive:	30 August 2016
Council:	13 September 2016

Report to Executive

Agenda
Item:

Meeting Date: 30 August 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD09/16
Within Policy and Budget Framework YES
Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22
Report of: DIRECTOR OF RESOURCES
Report Number: RD16/16 (amended)

Purpose / Summary:

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

Following consideration by the Executive, final recommendations are to be made to Council on 13 September 2016.

Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Resources Overview and Scrutiny Panel on 4 August prior to making recommendations to Council on 13 September 2016.
- (ii) Note that the Council will need to decide whether to accept the offer of a 4-year funding settlement from DCLG, through the production of an Efficiency Plan, as outlined in paragraph 2.4.

Tracking

Executive:	1 August 2016
Overview and Scrutiny:	4 August 2016
Executive:	30 August 2016
Council:	13 September 2016

1. BACKGROUND

- 1.1 The Medium Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2017/18 to 2021/22. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 8 February 2016. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework providing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.

2. KEY DATES

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Resources Overview and Scrutiny Panel, these will be formally approved by Council on 13 September 2016.
- 2.2 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 21 November. These reports will be scrutinised by the three Overview and Scrutiny Panels at the end of November and beginning of December.
- 2.3 Proposals to streamline the budget reporting process will be considered by officers as the budget process progress. It is hoped that by streamlining the process and linking the reports of the Director of Resources more closely with the decisions taken by the Executive, the process will become more transparent.
- 2.4 As noted in paragraph 4.2 of the MTFP the Council must decide by 14th October 2016 whether to accept the four-year RSG settlement. In adopting the four-year settlement proposals the Council would need to show how the certainty of a four-year settlement can deliver opportunities for efficiency savings. Work is being undertaken in consultation with the Portfolio Holder on an efficiency plan to evidence how this certainty could be demonstrated, taking account of the savings detailed in paragraph 4.3.2 of the MTFP.

3. KEY MESSAGES

- 3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:
- Decision on whether to accept the 4-year funding settlement;
 - Achievement of transformation savings;
 - Further reductions in government grant, e.g. New Homes Bonus, Housing Benefit Admin Grant;
 - Further consideration of the move to 100% Business Rate Retention and the added responsibilities that may be passed on to the Council
- 3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:
- Inflation savings
 - Business Rate Retention Growth and Pooling
 - Refinancing / repayment of Stock Issue loan in 2020

4. CONSULTATION

- 4.1 The MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Resources Overview and Scrutiny Panel considered the MTFP on 4 August, and recommendations made to full Council on 13 September.
- 4.3 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 The Executive is asked to:
- (i) Comment and consider the comments made by the Resources Overview and Scrutiny Panel on 4 August prior to making recommendations to Council on 13 September 2016.

- (ii) Note that the Council will need to decide whether to accept the offer of a 4-year funding settlement from DCLG, through the production of an Efficiency Plan, as outlined in paragraph 2.4.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner Ext: 7280

Appendices Appendix 1 – Medium Term Financial Plan 2017/18 – 2021/22 attached to report:

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

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

Local Environment –

Resources – Contained within the MTFP

Medium Term Financial Plan

Carlisle City Council

2017/18 to 2021/22

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1.0 Introduction

- 1.1 The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -
- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
 - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
 - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
 - Partnership working and funding opportunities will be explored wherever feasible.
- 1.2 The Medium Term Financial Plan sets out how Carlisle City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces.
- 1.3 The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will continue to play a pivotal role in determining how much the economy grows over the coming years. Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will also be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in the short, medium and long term in order to react effectively to changing situations.
- 1.4 The Medium Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

2.0 Financial Principles supporting the MTFP

- 2.1 The key principles to be applied to the Medium Term Financial Plan (MTFP) are set out by theme below:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision making procedures to help achieve the best use of available resources;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £2m over the life of the MTFP subject to an annual risk assessment;
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Commitment to minimise staff compulsory redundancies;
- Consider impact of 4-year New Homes Bonus allocations rather than 6-year allocations;
- Consider the impact of any other Government Budget initiatives e.g. 100% retention of Business Rates;
- Consider the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process. E.g. Licensing, Building Control;
- Consider the achievement and any re-profiling of transformation savings will affect overall level of savings to be made, including VR/ER service reviews and their impact on the overall savings achieved;

- Consider and prepare for the likely impact of future pension fund revaluation on the MTFP.

Revenue Budget Assumptions:

- *Phased removal of Revenue Support Grant included in MTFP by 2019/20;*
- *The MTFP assumes adoption of the 4-year settlement announced by Government in 2015/16; an Efficiency Plan has to be produced by October 2016 if the proposal is to be accepted;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 1% until 2019/20, then 2% thereafter.*

Financial Principle 2 – Commercial and Income Generation

- Annual review of the Corporate Charging Policy (Appendix C) to identify areas of potential charging and opportunities for increasing income;
- Consider the levels of income achievable as part of Corporate Charging Policy;
- Consider other sources of potential income generation such as advertising and sponsorship;
- Consider the development of a commercialised culture where the charging powers of the organisation are maximised and encouraged.

Charging/Income Assumptions:

- *Additional income from assets is assumed to offset the £1m saving requirement from asset management in 2018/19;*
- *Income from fees and charges currently achieve £5m per annum.*

Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;
- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should continue for 2017/18;
- Assessment of the impact of 100% business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief;

- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a 1.95% increase per annum over the lifetime of the MTFP*
- *Business Rate Retention growth assumed at £500,000 above the baseline level set by Government rising to £900,000 by 2019/20;*

Financial Principle 4 – Capital Investment

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts, including Preserved Right to Buy (PRTB) receipts (which will end in 2017/18), will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;

- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Consider the requirements for vehicle replacement and IT capital budgets as no provision is currently included in the MTFP beyond 2018/19;
- Revisit the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Fundamental review of current capital programme;
 - No new major one-off schemes unless fully funded from grants or external funding;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The MTFP assumes a revenue contribution to capital for Refuse Vehicle replacement of £400,000 per annum;*
- *The MTFP assumes an additional revenue contribution to capital of £400,000 per annum for general capital expenditure;*
- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*

Financial Principle 5 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions;
- Consideration of the repayment and/or re-financing options for the Stock Issue debt due to be repaid in 2020;

- Consider the impact of the Minimum Revenue Provision (MRP) Review;
- Consider appropriate levels of prudential borrowing if required that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

3.0 Links to other Strategies

3.1 The Carlisle Plan

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

The key priorities are:

- Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle;
- Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents;
- Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle;
- Address current and future housing needs to protect and improve residents' quality of life;
- Promote Carlisle regionally, nationally and internationally as a place with much to offer – full of opportunities and potential.

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

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

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.

- The ICT Strategy
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy and Green Infrastructure Strategy
- Directorate Service Plans

4.0 Revenue Budget Forecasts

4.1 Current Budget Forecast

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

4.1.2 The Council approved the current forecast for the period 2016/17 to 2020/21 in February 2016 and details are shown below together with the base estimate figures for 2021/22.

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Recurring Revenue Expenditure	12,919	11,665	10,925	11,351	11,420	11,787
Non Recurring Commitments	172	(987)	(333)	(666)	391	391
Carry Forwards From 15/16	528	56	10	0	0	0
Total Revenue Expenditure (Net)	13,619	10,734	10,602	10,685	11,811	12,178
Of Which: Inflation	226	229	229	225	367	367
Funded By:						
Council Tax Income	(6,338)	(6,479)	(6,624)	(6,772)	(6,922)	(7,077)
Estimated Council Tax Surplus	(93)	(50)	(50)	(50)	(50)	(50)
Revenue Support Grant	(1,535)	(859)	(449)	0	0	0
Business Rates Baseline	(3,052)	(3,112)	(3,204)	(3,266)	(3,411)	(3,513)
Business Rates Growth/Pooling	(660)	(700)	(750)	(900)	(900)	(900)
Total Funding	(11,678)	(11,200)	(11,077)	(10,988)	(11,283)	(11,540)
Total Contribution Required From / (To) Reserves	1,941	(466)	(475)	(303)	528	638
Broken Down as:						
Recurring Commitments	1,241	465	(152)	363	137	247
Non recurring Commitments	700	(931)	(323)	(666)	391	391

Table 1: Summary Budget Position (excluding Parish Precepts)

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

4.2 **Funding Prospects**

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment and this is made up of Revenue Support Grant and the Business Rates baseline. Although the Government set the Business Rates Baseline, the actual funding is received via the Non Domestic Rates income the Council collects.

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

4.2.3 **Revenue Support Grant**

It was announced as part of the 2016/17 Local Government Finance Settlement that RSG would be phased out by 2020. The settlement also proposed a four-year settlement from 2016/17 to authorities who signed up to an efficiency program. The Medium Term Financial Plan includes this four-year settlement for the loss of RSG, however, the Council has not formally adopted the four-year settlement. A decision on whether to accept the four-year settlement needs to be made and notified to DCLG by October 2016 by the production of an Efficiency Plan.

4.2.4 The main points to consider around the 4 year settlement proposals are as follows:

- Local Authorities have to respond with their decision by 14 October 2016
- Have to include a link to a published efficiency plan, MTFP etc.
- Guaranteed funding levels for four years
- The MTFP has been based on the four-year settlement proposals
- 4-year settlement welcomed by LGA
- Efficiency Plans need to show how the certainty of a four-year settlement can bring about opportunities for further savings
- The Government have qualified the offering by stating that final grant determinations (of the funding figures produced) in future years will still be subject to change as the business rates multiplier changes. This is based on the RPI figure and would alter the Business Rate baseline and tariff figures.
- The Government also states that future years could change owing to unforeseen events however it does not indicate if this includes unforeseen economic events such as failing to meet its fiscal targets for a budget surplus.

- Still uncertainty about New Homes Bonus and 100% retention of Business Rates

Therefore the Council need to decide by September 2016 whether it wishes to accept the 4-year settlement.

4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £500,000. In the past two-years the Council has achieved growth over and above this £500,000 level, and as such the MTFP assumes this will grow to £900,000 by 2019/20.

The Council continues to participate in the Cumbria Business Rates Pool that also enables the County and the Council to retain more of the growth it generates. However, the announcement that local authorities will get to keep 100% of business rates by 2020 will impact the viability of pools. Further details on how the 100% retention will actually work and its specific impact on Carlisle are yet to be understood, but the proposal comes with an understanding that local authorities will have to take on additional responsibilities, which may mean additional cost pressures.

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

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Revenue Support Grant % Change	(1,535)	(859) -44%	(449) -48%	0 -100%	0	0
Business Rates Baseline % Change	(3,052)	(3,112) 2%	(3,204) 3%	(3,266) 2%	(3,411) 4%	(3,513) 3%
Rates Growth/Pooling % Change	(660)	(700) 6%	(750) 7%	(900) 20%	(900) 0%	(900) 0%
Total Funding	(5,247)	(4,671)	(4,403)	(4,166)	(4,311)	(4,413)

Table 2: Funding

4.2.7 Council Tax

The MTFP includes Council Tax increases from 2017/18 onwards at 1.95%.

The MTFP assumes a modest increase in the taxbase of 0.279% per year and the City Council's share of the Collection Fund Surplus is assumed to be a recurring £50,000.

Any increase in the tax base as a result of new housing developments will also mean a requirement to provide services to those households. Although there will be an increase in the amount of funding received through Council Tax, the overall cost of providing council services is greater than the amount received through this, so there will be additional cost pressures that need to be recognised in order to provide services to a growing population.

The MTFP also assumes continuation of the statutory Council Tax Reduction Scheme (CTRS). With the removal of Revenue Support Grant the Council will be funding this entirely along with the other main preceptor the County Council and the Police. Consideration will need to be given as to whether this scheme is to be continued in the same form or changed to a localised scheme.

	Budget	Forecasts				
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Council Tax Base % Change	32,138.68 £000	32,228.35 0.28% £000	32,318.26 0.28% £000	32,408.43 0.28% £000	32,498.85 0.28% £000	32,589.52 0.28% £000
Council Tax Surplus % Change	(93)	(50) -46%	(50) 0%	(50) 0%	(50) 0%	(50) 0%
Band D Council Tax % Change	197.20	201.04 1.95%	204.96 1.95%	208.96 1.95%	213.03 1.95%	217.19 1.95%
Total Yield	(6,431)	(6,529)	(6,674)	(6,822)	(6,972)	(7,128)

Table 3: Council Tax

4.3 **Efficiency Strategy**

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

- Asset Strategy – to focus on ensuring the council's asset portfolio maximises the benefit to the Council through income generation or by realising receipts of assets that do not generate a return that can then be utilised to ease pressures in capital and revenue budgets through the most appropriate means, e.g. re-investment in new assets and supporting the capital programme to reduce the CFR
- Service Reviews – A review of services to include their purpose and relevance in achieving the Carlisle Plan priorities, including a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services and resources are properly aligned to what the Council wants to achieve.
- Core Budgets – a review of base budgets, including income generation, to ensure compliance with best practice on priority and outcome based budgeting and other appropriate budget disciplines.

4.3.2 The profile of efficiencies to be made as included in the Medium Term Financial Plan is as follows:

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
In Year Savings requirement	1,201	795	1,479	0	0	0
Cumulative Requirement	1,201	1,996	3,475	3,475	3,475	3,475

Table 4: Savings Requirement

4.3.2 The savings currently included in the MTFP are as follows:

	Budget	Achieved
	£000	£000
2016/17		
Concurrent Grants	49	50
Revenues & Benefits Shared Service	100	100
Festive Lights	29	29
Tullie House Grant	214	214
Community Centre Grants	94	68
Voluntary Redundancy/Early Release (1)	715	715
	1,201	1,176
2017/18		
Rethinking Waste	400	0
Voluntary Redundancy/Early Release (1)	395	0
	795	0
2018/19		
Leisure Services Grant	329	0
Increased Income from Assets	1,000	141
Voluntary Redundancy/Early Release (1)	150	0
	1,479	141
Total	3,475	1,317

Table 5: Savings

Note 1: Savings from Voluntary Redundancy will be subject to restructure and staffing reviews and as such could change

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

4.4 **Capital Investment Priorities**

4.4.1 The Medium Term Financial Plan needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become

scarce and as such any investment in assets is likely to have implications on the revenue budget.

- 4.4.2 The Medium Term Financial Plan must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.
- 4.4.3 The MTFP assumes that there will be a recurring revenue contribution to fund the capital programme of £400,000 per annum, as well as an additional £400,000 per annum to fund refuse vehicles which is to be funded from recurring waste services base budgets.
- 4.4.4 The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no increase to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.
- 4.4.5 Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.
- 4.4.6 Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP at 4% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.
- 4.4.7 A review of the Council's MRP has been undertaken by Capita Asset Services and the implications of the review will need to be considered as part of the budget process and the setting of the Treasury Management budget.
- 4.4.8 The current forecast for the CFR and MRP based on the current capital programme (as detailed in the Capital Strategy) is as follows:

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Total Capital Expenditure	10,019	2,027	6,296	1,078	813	813
Capital Resources Receivable in Year	(9,996)	(1,795)	(1,589)	(1,557)	(1,555)	(1,463)
MRP & Repayment of Debt	(527)	(507)	(496)	(665)	(619)	(565)
Change in Underlying need to borrow	(504)	(275)	4,211	(1,144)	(1,361)	(1,215)
CFR Brought Forward	12,897	12,393	12,118	16,329	15,185	13,824
CFR Carried Forward	12,393	12,118	16,329	15,185	13,824	12,609

Table 6: Capital Financing Requirement

4.5 Investment and Reserve Balances

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

4.5.2 At 31 March 2016, the Council had investments of £16.531million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2017, investment balances would fall to around £14m. The following table shows the breakdown of the investment balance and what the cash relates to:

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

	Outturn	Forecasts					
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Total Investments	16,531	14,088	14,844	16,004	17,344	18,065	19,162
<i>Made up of:</i>							
General Fund Reserves	4,589	2,647	3,113	3,588	3,891	3,363	3,363
Capital Reserves	585	600	615	630	645	660	675
Earmarked Revenue Reserves	2,817	2,470	2,470	2,470	2,470	2,470	2,470
Provisions	2,166	2,166	2,166	2,166	2,166	2,166	2,166
Collection Fund Adj Account	(227)	(227)	(227)	(227)	(227)	(227)	(227)
Capital Grants Unapplied	191	191	191	191	191	191	191
Working Capital (incl Collection Fund)	4,293	3,620	3,620	3,620	3,620	3,620	3,620
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	14,414	11,467	11,948	12,438	12,756	12,243	12,258
Surplus Cash/(Cash Deficit)	2,117	2,621	2,896	3,566	4,588	5,822	6,904

Table 7: Investments & Reserves

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

4.5.4 The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) when there is a surplus or how much will need to be met from actual external borrowing when there is a deficit.

4.5.5 This can be proven when comparing the CFR figures to the actual borrowing level, i.e. comparing the underlying need to borrow with the actual borrowing we carry.

	Outturn	Forecasts					
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
CFR (Underlying Need to borrow)	12,897	12,393	12,118	16,329	15,185	13,824	12,609
Total Borrowing	15,014	15,014	15,014	19,895	19,773	19,646	19,513
(Over)/Under Borrowing Position	(2,117)	(2,621)	(2,896)	(3,566)	(4,588)	(5,822)	(6,904)
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,117)	(2,621)	(2,896)	(3,566)	(4,588)	(5,822)	(6,904)

Table 8: Borrowing position

4.5.6 Therefore, to meet its capital financing obligations, the Council was over borrowed by £2.117million in 2015/16 and assuming all else remains equal, this changes to an over borrowed position of £6.904million by 2021/22 due to the setting aside of MRP, and additional unsupported capital expenditure and assumed reduced borrowing costs on the stock issue.

5.0 Provisions, Reserves & Balances

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

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

5.2 General Fund

5.2.1 The balance on the General Fund shall broadly equal £2million. This figure is assessed taking into account the risks and working balances required, including investment income generated, it is considered prudent to leave the reserve at this level. A risk based assessment of the appropriate level of this reserve is carried out as part of the MTFP process and this is shown at **Appendix A**. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes with full localisation of business rates.

5.2.2 If the balance in the short-term falls below £2million, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.

5.2.3 If the balance in the short-term exceeds £2million then the surplus will be transferred to the Council's Project Reserve.

5.3 **Earmarked Reserves**

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

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

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

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

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

	31/03/2016 £000	31/03/2017 £000	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000
General Fund Reserve	2,000	1,570	2,000	2,000	2,000	2,000
Carry Forward Reserve	1,078	0	0	0	0	0
Projects Reserve	1,511	0	36	511	814	286
	4,589	1,570	2,036	2,511	2,814	2,286
Revenue Earmarked Reserves						
Flood Reserve	500	0	0	0	0	0
EEAC Reserve	43	0	0	0	0	0
Transformation Reserve	348	0	0	0	0	0
Cremator Reserve	479	0	0	0	0	0
Welfare Reform Reserve	200	0	0	0	0	0
Conservation Fund	117	0	0	0	0	0
Car Park Enhancement Reserve	113	0	0	0	0	0
City Centre Reserve	42	0	0	0	0	0
Economic Investment Reserve	108	0	0	0	0	0
Repairs & Renewals Reserve	502	0	0	0	0	0
Leisure Reserve	118	0	0	0	0	0
Building Control Reserve	137	0	0	0	0	0
BRR Volatility Reserve	110	110	110	110	110	110
Total Revenue Reserves	7,406	1,680	2,146	2,621	2,924	2,396

Table 9: Revenue Reserves

N.B. Balances on Earmarked Reserves are not shown in future years unless movements against those balances are known

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

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

	31/03/2016 £000	31/03/2017 £000	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000
Capital Earmarked Reserves						
Usable Capital Receipts (1)	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0
Unapplied Capital Grant	191	191	191	191	191	191
CLL Reserve	522	522	522	522	522	522
Asset Investment Reserve	48	48	48	48	48	48
Lanes Capital Reserve	15	30	45	60	75	90
Total Capital Reserves	776	791	806	821	836	851

Table 10: Capital Earmarked Reserves

Note 1: Capital Receipts have been set aside in the Capital Adjustment Account, however, the cash is available for spending

5.4 **Provisions**

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

5.5 **Charitable and Other Bequests**

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

5.6 **The Responsibilities of the Director of Resources**

5.6.1 The Director of Resources will review each reserve and its protocol annually and produce a report for the Executive as part of the annual budget process detailing: -

- Compliance with the use of reserves and associated protocols,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the Council's budget requirement,

- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Council's Medium-Term Financial Plan.

5.6.2 The Director of Resources will review this policy at least annually and will obtain the approval of the Council for any change required to either the policy or protocols associated with specific reserves.

5.7 **Planned Use of Reserves**

5.7.1 When the budget was set in February 2016, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2015/16 now confirmed, the under spend from 2015/16 has left General Fund Reserve and Projects Reserve in a healthier position (as shown in Table 9) over the medium term.

5.7.2 The reserves position is also subject to the savings required (as in Tables 4 and 5) being met as scheduled. Any slippage on savings or any savings made in advance will impact on the contributions to and from reserves.

6.0 Income

6.1 Fees & Charges

- 6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.
- 6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.
- 6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.
- 6.1.4 The main areas of fee generating income are shown in the table below:

	2014/15 £000	2015/16 Actual £000	2016/17 Budget £000	2016/17 Non Recurring £000	Recurring Budget £000
Parking	(1,126)	(1,229)	(1,184)	100	(1,284)
Bereavement Services	(1,270)	(1,336)	(1,334)	0	(1,334)
Development Control	(632)	(859)	(642)	0	(642)
Land Charges	(161)	(150)	(140)	0	(140)
Total	(3,189)	(3,574)	(3,300)	100	(3,400)

Table 11: Main areas of Income

6.2 Property Rentals

- 6.2.1 Income received from property rentals is in the region of £4.5 million per annum.

6.2.2 The forecast yield from property rentals over the period 2016/17 to 2020/21 and included in the MTFP is shown in the following table: -

	2015/16 Actual £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
The Lanes	(1,186)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)
The Market	(118)	(118)	(118)	(118)	(118)	(118)
Industrial Estates	(2,547)	(2,502)	(2,502)	(2,502)	(2,502)	(2,502)
Misc Properties	(486)	(456)	(456)	(456)	(456)	(456)
Total	(4,337)	(4,301)	(4,301)	(4,301)	(4,301)	(4,301)

Table 12: Property Income

6.2.3 The Council has an agreement with the managing agents of the Lanes whereby the Council receives a proportion of the net rental income (approx. 23%). The recurring budgeted income was reduced as part of the 2016/17 budget £434,000, from £1.659million to £1.225million to reflect the actual income achieved in the Lanes. The income from the Lanes should increase once the new development of Primark opens and any additional income will go towards the £1m saving requirement from assets from 2018/19.

6.2.4 The MTFP makes no provision for additional rental income from assets via rent reviews. However, there is a saving requirement of £1m included in the MTFP associated with asset management, and it is envisaged that any surplus rentals achieved over current base budgets be set aside against this requirement.

6.3 **Grants & Contributions**

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

6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. From 2016/17, the amounts distributed under the scheme are top-sliced from the overall funding available to local authorities. The Council receives an allocation of funding under the scheme each year and each allocation lasts for six years. As part of the Local Government Finance

Settlement for 2016/17 indicative figures were provided along with the proposed four-year settlement arrangements. These also proposed a consultation on reducing the term of New Homes Bonus from six-years to four-years. Further information on this consultation is still unknown, however, the MTFP has assumed indicative levels of New Homes Bonus. The MTFP has taken the assumption that like with RSG, New Homes Bonus Funding may be removed in the future to be replaced with the 100% Business Rate Retention scheme.

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

Allocation Year	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
2011/12	(243)					
2012/13	(408)	(408)				
2013/14	(388)	(388)	(388)			
2014/15	(269)	(269)	(269)	(269)		
2015/16	(393)	(393)	(393)	(393)	(393)	
2016/17	(487)	(487)	(487)	(487)	(487)	(487)
2017/18		(262)	(262)	(262)	(262)	(262)
2018/19			410	410	410	410
2019/20				(333)	(333)	(333)
2020/21					1,058	1,058
2021/22						(386)
Total	(2,188)	(2,207)	(1,389)	(1,334)	(7)	0

Table 13: New Homes Bonus

There is uncertainty about New Homes Bonus as together with the proposals to move to 4-year allocations (from six-year), the implications of 100% retention of business rates may also have an impact. Therefore the MTFP assumes no New Homes Bonus from 2020/21 at the current time.

6.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £499,500 for this grant. Allocations are received on an annual basis. However, it is likely that this grant will reduce with the onset of Universal Credit and the downsizing of Housing Benefit Administration by the Council. This reduction in grant will need to be considered in line with any reductions in workload associated with any transition.

7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. RSG and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2016/17 as pressures or savings.

7.2 Pay

- Annual increase in MTFP **1%**
- Salary Turnover Savings **£412,500**
- Pension Contribution Rate (Current Service) **13.6%**
- Pension Deficit Cost **£886,200**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	12,525	125	251	376
Pension Contribution (£000)	1,348	13	27	40
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				
<u>Pensions</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Pension Fund Revaluation due 31/03/2017
 - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy

7.3 **General Inflation**

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

	Base Level	Sensitivity		
	£000	+/- 1%	+/- 2%	+/- 3%
Expenditure (£000)	5,553	56	111	167
Income (£000)	(4,397)	(44)	(88)	(132)
		Risk		
		High	Medium	Low
<u>Expenditure Inflation</u>				
Likelihood of Change				
Impact of Change				
<u>Income Inflation</u>				
Likelihood of Change				
Impact of Change				

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

7.4 **Investment Income**

- Investment Returns –

	2017/18	2018/19	2019/20	2020/21	2021/22
Investments	1.24%	1.74%	2.36%	2.86%	3.24%
Property Fund	4.50%	4.50%	4.50%	4.50%	4.50%

- The investment returns used when the budget was set in February 2016 will need to be updated given current guidance on when interest rates are expected to change.

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	19,088	191	382	573
Property Fund Income (£000)	3,281	33	66	98
		Risk		
		High	Medium	Low
<u>Investment Income</u>				
Likelihood of Change				
Impact of Change				
<u>Property Fund Income</u>				
Likelihood of Change				
Impact of Change				
<u>Average Balances</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
 - Capital Investment decisions will affect the Capital Financing Requirement and average balances
 - Investment returns have changed

7.5 **Borrowing**

- Assumed Borrowing - 2018/19 **£5m** (Leisure Facilities)
- Assumed Borrowing Rate - 2018/19 **4.90%**

This borrowing is based on a Principal and Interest repayment loan for the development of new leisure facilities and is matched by a corresponding saving in the management fee of leisure facilities.

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

	2017/18	2018/19	2019/20	2020/21	2021/22
CFR	15,014	19,895	19,773	19,646	19,513
MRP	485	653	607	553	553

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Borrowing Rate (£000)	5,000	50	100	150
MRP	485	5	10	15
		Risk		
		High	Medium	Low
<u>Increase to Borrowing Rate</u>				
Likelihood of Change				
Impact of Change				
<u>Increase to CFR</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - No additional borrowing assumed in MTFP
 - Any future Capital Programme decisions will likely require a borrowing requirement, either internal or external which will have an impact on the revenue budget
 - Re-profiling of anticipated capital receipts will impact on CFR, and subsequently MRP charge

8.0 Appendices

Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2017/18

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	117	2	50%	4	58	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	214	3	75%	9	160	5% Charges Income forecasts for 2016/17
Underachievement of Investment Income	2	100	1	25%	2	25	0.5% of exposure of average balance of £20m
Insurance Excesses	1	35	3	75%	3	26	Based on 5% of insurance premia payments
Fall in Rental Income from Property	3	225	1	25%	3	56	5% of Rental Income (assumed at £4.5m for 2016/17)
Transformation not met	4	795	1	25%	4	199	2016/17 Transformation savings still to be agreed
Loss of Income from Retained Business Rates	4	933	1	25%	4	233	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS		3,619				1,858	
Maximum Risk Based Reserve Balances						3,619	
Minimum Risk Based Reserve Balances						905	
Current Level of Reserves (Projected as at 31/03/17) (General Fund)						1,570	

Appendix B - Reserves

Reserve	Estimated Balance 31/3/16	Purpose	Conditions of Use
<i>Capital Reserves</i>	£000		
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Director of Resources but approval of their use must be given by Council.
Asset Disposal Reserve	0	To provide resources to purchase properties and fund associated revenue costs (e.g. marketing) required as part of the Carlisle Renaissance project. To provide resources for investment in the Council's industrial estates to ensure rent yields are maintained / increased	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
CLL Reserve	522	To provide funds to purchase equipment from CLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.

Reserve	Estimated Balance 31/3/16	Purpose	Conditions of Use
Lanes Capital Reserve	15	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
<i>Revenue Reserves</i>	£000		
General Fund Reserve	2,000	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	Management of the reserve rests with the Director of Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: - <ul style="list-style-type: none"> – Cash flow requirements, – Inflation and interest rates, – Demand led budget pressures, – Efficiency and productivity savings, – The availability of funds to deal with major unexpected events or emergencies, – Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments. Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Projects Reserve	1,511	The balance at 31 st March 2016 shall be earmarked to support potential revenue budget shortfalls identified by the 2016/17	Management of the reserve rests with the Director of Resources. Funding for the Reserve will be provided by windfall gains over and above those

Reserve	Estimated Balance 31/3/16	Purpose	Conditions of Use
		Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	required to maintain the General Fund at its approved level, balances on reserves that are no longer needed and proceeds from the Local Authority Business Growth Incentive Scheme. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Carry Forward Reserve	1,078	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Director of Resources. Approval to release funds from the reserve only be given by the Director of Resources and/or The Chief Executive.
Collection Fund (Carlisle Share)	(227)	To be the collection account for sums due from local taxpayers.	Management of the fund rests with the Director of Resources. The use of the Fund is determined by statute. The main use is to adjust the level of Council Tax required in any one year to reflect surpluses or deficits on collection targets in prior periods.
Building Control Reserve	137	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget

Reserve	Estimated Balance 31/3/16	Purpose	Conditions of Use
			process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	117	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.
Transformation Reserve	348	To fund any one off costs associated with transformation project	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.
EEAC Reserve	43	To hold the residual funds of the service pending future decisions with regard to the service	Management of the reserve rests with the Director of Economic Development. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	479	To build up resources to replace cremators when required	Management of the reserve rests with the Director of Local Environment. Approval to release funds from the reserve can only be given by the Executive of the Council.
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.
Car Park Enhancement Reserve	113	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of Local Environment, Portfolio Holder and Director of

Reserve	Estimated Balance 31/3/16	Purpose	Conditions of Use
			Resources.
Economic Investment Reserve	108	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of Economic Development, Portfolio Holder and Director of Resources.
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of Local Environment, Portfolio Holder and Director of Resources.
Repairs & Renewals Reserve	502	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.
Leisure Reserve	118	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Director of Resources
Flood Reserve	500	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Director of Resources with the use of the Reserve requiring an Officer Decision notice by the Director of Resources.
BRR Volatility Reserve	110	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Director of Resources with the use of the Reserve requiring an Officer Decision notice by the Director of Resources.

Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2017/18 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

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

4. Trading

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

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

5. Value For Money

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

Appendix D – Gross Expenditure Breakdown

	Original Budget 2016/17 £
Expenditure	
Employee Related	14,340,000
Premises Related	3,424,200
Transport Related	1,291,700
Supplies & Services	4,758,800
Third Party Payments	2,754,300
Transfer Payments	29,962,300
Support Services	10,892,600
Capital Financing Costs	3,706,900
Carry forward approvals	528,000
Recharges	(12,613,800)
Total Expenditure	59,045,000
Income	
Government Grants	(2,504,000)
Specific Grants	(30,533,700)
Other Grant/Reimbursements/Contributions	(1,558,300)
Interest	(256,200)
Other Income	0
Customer and Client Receipts	(10,573,500)
Total Income	(45,425,700)
Net Budget Requirement	13,619,300
Funded By:	
Council Tax	(6,337,700)
Council Tax Surplus	(92,800)
Revenue Support Grant	(1,535,700)
Retained Business Rates	(3,052,300)
Business Rates Growth/Pooling	(660,000)
Reserves	(1,940,800)
Total Funding	(13,619,300)

Report to Council

Agenda
Item:

18(ii)

Meeting Date: 13 September 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD09/16
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL STRATEGY 2017/18 TO 2021/22
Report of: DIRECTOR OF RESOURCES
Report Number: RD17/16

Purpose / Summary:

The Council's Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2017/18 to 2021/22. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

The Capital Strategy has been considered by the Executive and the Resources Overview and Scrutiny Panel.

Recommendations:

The Council is asked to approve the Capital Strategy for the period 2017/18 to 2021/22.

Tracking

Executive:	1 August 2016
Overview and Scrutiny:	4 August 2016
Executive	30 August 2016
Council:	13 September 2016

Report to Executive

Agenda
Item:

Meeting Date: 30 August 2016
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD09/16
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL STRATEGY 2017/18 TO 2021/22
Report of: DIRECTOR OF RESOURCES
Report Number: RD17/16 (amended)

Purpose / Summary:

The Council's Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2017/18 to 2021/22. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, final recommendations will be made to Council on 13 September 2016.

Recommendations:

The Executive is asked to:

- (i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 4 August prior to making final recommendations to Council on 13 September 2016
- (ii) To approve, in principle, a borrowing requirement up to the Council's operational boundary for external debt, to allow the Council's S151 officer to take advantage of competitive borrowing rates at the appropriate time. This borrowing to be used for the repayment or the refinancing of the £15million stock issue and/or to fund the capital programme where a borrowing requirement has been identified.

Tracking

Executive:	1 August 2016
Overview and Scrutiny:	4 August 2016
Executive	30 August 2016
Council:	13 September 2016

1. BACKGROUND

- 1.1 The Capital Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).
- 1.2 The Capital Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 8 February 2016. This position has been updated to reflect any known changes since that date.

2. KEY MESSAGES

- 2.1 The Capital Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
 - Re-profiling of asset sales will have a significant impact on the revenue budget through the requirement to fund the capital programme with a borrowing requirement.
 - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs
- 2.2 Although there is a borrowing requirement currently forecasted to fund one specific scheme in the capital programme (Leisure Facilities), there are some factors that will also need consideration. These are:
 - A revenue contribution for the purchase of refuse vehicles is included as a funding source in the capital programme but will need amended to reflect the actual decisions made around future fleet requirements.
 - No provision is currently included in the capital programme for vehicle replacements and ICT replacements beyond 2019/20.
 - Asset sales generating receipts over current estimate levels will reduce any borrowing requirement.
 - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement.
 - A review of the current programme may relieve some of the expenditure pressures.

- 2.3 Further to the recent Brexit vote, interest rates have also been reduced for the first time in over 7-years and borrowing rates have also fallen sharply. In order to maximise the potential benefit of these low rates whilst also noting that the Stock Issue loan will mature in 2020, consideration has been given to enable the Council to move swiftly to allow the Council's S.151 Officer to take advantage of these competitive rates i.e. if over the short/medium term treasury management advice suggests interest rates are likely to increase. In 2020, the Stock Issue will require re-financing and locking in borrowing early at more competitive rates may be of benefit to the Council in the longer term by enabling it to realise greater savings on debt repayment. Borrowing decisions are delegated to the S.151 Officer. This potential initiative is supported by the Finance, Governance and Resources Portfolio Holder and was discussed at ROSP on 4 August 2016.

3. CONSULTATION

- 3.1 The Capital Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 3.2 The Resources Overview and Scrutiny Panel will consider the report on 4 August and recommendations made to full Council on 13 September.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is asked to:
- (i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 4 August prior to making final recommendations to Council on 13 September 2016
 - (ii) To approve, in principle, a borrowing requirement up to the Council's operational boundary for external debt, to allow the Council's S151 officer to take advantage of competitive borrowing rates at the appropriate time. This borrowing to be used for the repayment or the refinancing of the £15million stock issue and/or to fund the capital programme where a borrowing requirement has been identified.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner

Ext: 7280

**Appendices Appendix 1 – Capital Strategy 2017/18 to 2021/22
attached to report:**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

Governance – The Council has a fiduciary duty to manage its resources correctly. The Capital Strategy is an important part of the budgetary process and seeks to ensure a planned and coordinated approach to the delivery of projects within the parameters of our financial resources.

Local Environment –

Resources – Contained within the Capital Strategy

Capital Strategy

Carlisle City Council

2017/18 to 2021/22

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1.0 Introduction

- 1.1 The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP).

The objectives of the Capital Strategy are to: -

- Ensure that capital investment decisions and capital resources contribute to the achievement of the Council's corporate priorities.
- Co-ordinate the strategic priorities emerging from service planning and ensure that investment opportunities are maximised.
- Manage performance and decision-making processes to help achieve the best use of available capital resources.
- Set out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money is obtained.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes.

2.0 Financial Principles supporting the Capital Strategy

2.1.1 The key principles to be applied to the Capital Strategy are set out below: -

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts, including Preserved Right to Buy (PRTB) receipts (which will end in 2017/18), will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Consider the requirements for vehicle replacement and IT capital budgets as no provision is currently included in the MTFP beyond 2018/19;
- Revisit the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;

- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Fundamental review of current capital programme;
 - No new major one-off schemes unless fully funded from grants or external funding;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The MTFP assumes a revenue contribution to capital for Refuse Vehicle replacement of £400,000 per annum;*
- *The MTFP assumes an additional revenue contribution to capital of £400,000 per annum for general capital expenditure;*
- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*

2.2 Carlisle Plan and Other Council Strategies, Plans and Policies

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

2.2.2 The Capital Strategy must both support and inform the Council's vision for the Carlisle area and the strategic direction set out in the Carlisle Plan. This is to enable resources to be matched against the agreed priorities and any other supporting needs.

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

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

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

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

3.0 Spending and Investment Priorities

3.1 Capital Investment Priorities

- 3.1.1 The Capital Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets is likely to have implications on the revenue budget.
- 3.1.2 The Capital Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

4.0 Capital Programme Forecasts

The table below shows the current capital resources at the end of 2015/16 before any new decisions around capital investment made in 2016/17.

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Resources Brought Forward	372	395	627	334	(145)	(887)
Net Resources receivable in year:	23	232	4,707	(479)	(742)	(650)
Borrowing Requirement	0	0	(5,000)	0	0	0
(Surplus Capital Resources) / Borrowing Requirement	395	627	334	(145)	(887)	(1,537)

Table 1: Current Capital resources

4.1 Current Expenditure Forecast

- 4.1.1 The Council approved the current forecast for the period 2016/17 to 2020/21 in February 2016 and details are shown below adjusted for the outturn from 2015/16 and also for decisions made in relation to capital investment between April and June 2016.

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Disabled Facilities Grants	1,467	663	663	663	663	663
Enhancements to Properties	252	150	150	150	150	150
Vehicle & Plant	2,077	1,114	383	265	0	0
ICT Shared Service	245	100	100	0	0	0
Castle Way Cycle Ramp	330	0	0	0	0	0
Tennis Facility Development	497	0	0	0	0	0
Cycle Track Development	650	0	0	0	0	0
Market Hall Roof	460	0	0	0	0	0
Harraby School Community Campus	500	0	0	0	0	0
Art Centre	48	0	0	0	0	0
Public Realm Improvements	261	0	0	0	0	0
Old Town Hall Phase 2	88	0	0	0	0	0
Asset Review	993	0	0	0	0	0
Play Area Developments	2	0	0	0	0	0
Kingstown Industrial Estate Roads	10	0	0	0	0	0
Public Realm (S106)	62	0	0	0	0	0
Old Town Hall/Greenmarket	380	0	0	0	0	0
Bitts Park Improvements	213	0	0	0	0	0
Revenues & Benefits ICT Upgrades	45	0	0	0	0	0
Sands Centre	0	0	5,000	0	0	0
Crindledyke Cycleway	281	0	0	0	0	0
Durranhill Industrial Estate	1,158	0	0	0	0	0
Total Programme	10,019	2,027	6,296	1,078	813	813

Table 2: Current Capital Programme

4.2 Current Resource Forecasts

- 4.2.1 The Council's capital programme can be financed, (or paid for), through a variety of sources and the Director of Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. Table 2 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Capital Grants & Contributions	3,675	663	663	663	663	663
Capital Receipts (General & PRTB)	150	150	0	0	0	0
Capital Receipts (Asset Review)	3,485	24	0	0	0	0
Revenue Financing	2,013	958	926	894	892	800
S.106 Funding	673	0	0	0	0	0
Total Resources Receivable in Year	9,996	1,795	1,589	1,557	1,555	1,463
Borrowing Requirement	0	0	5,000	0	0	0

Table 3: Current Proposed Resources

4.2.2 As can be seen, the current capital programme is not fully utilising **all** available capital resources by 2021. However any new capital schemes (that are not currently included in the forecast) over and above £1.5million will have to be financed through additional borrowing (internal/external) or from revenue budgets.

4.2.4 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2016/17 the Council has budgeted to receive £1,467,300. However, for future years the allocation is assumed to be £663,000 which is based upon the historical amount received. There have been changes to the way the grant is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

4.2.5 Borrowing

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

The Council has a borrowing requirement in its current capital programme of £5million to support the development of Leisure Facilities. This cost of this borrowing requirement is included in the Medium Term Financial Plan and is also offset by a corresponding saving from the Council's Leisure Contract.

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

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

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

- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- No new major one-off schemes unless fully funded from grants or external funding;
- Providing additional recurring revenue contribution to the capital programme;;
- Invest to save schemes that can repay the capital investment over a period of time.

4.2.6 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget. It is planned that as part of the Rethinking Waste Project that the current capital commitment for new vehicles in Waste Services are financed from revenue savings in the service. This revenue contribution is currently included in the forecast capital resources at £400,000 per annum however, the final requirement will be finalised as part of the project and will be incorporated into the capital financing.

A further recurring revenue contribution to capital of £400,000 per annum was included in the 2016/17 budget to build up capital resources.

4.2.6 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. The Capital Strategy assumes that there will be £150,000 received from Preserved

Right to Buy (PRTB) sharing agreement with Riverside Group for 2016/17, however, this agreement ceases from 2017/18.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £3.5million are included in the Capital programme to be achieved in 2016/17. However, a re-profiling exercise is in the process of being carried out to revise the timetable for achieving these sales and this exercise will be concluded by September 2016:

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Original Schedule	(3,485)	(24)	0	0	0	0
Amendment	1,485	(1,670)	(500)	0	0	0
Revised Profile of Asset Review Sales	(2,000)	(1,694)	(500)	0	0	0

Table 4: Profiling of Asset Review Receipts

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Total Capital Expenditure	10,019	2,027	6,296	1,078	813	813
Capital Resources Receivable in Year	(9,996)	(1,795)	(6,589)	(1,557)	(1,555)	(1,463)
Re-Profiling of Asset Review Receipts	1,485	(1,670)	(500)	0	0	0
Total Net Resources Receivable	1,508	(1,438)	(793)	(479)	(742)	(650)
Capital Resources Brought Forward (Surplus)/Deficit	372	1,880	442	(351)	(830)	(1,572)
(Surplus Capital resources) / Borrowing Requirement	1,880	442	(351)	(830)	(1,572)	(2,222)

Table 5: Effect of re-profiling asset review sales

The borrowing requirement includes £5m prudential borrowing already included in the MTFP for the funding of Leisure Facilities and this is to be paid for through a reduction in the Leisure contract fee.

5.0 Capital Financing Requirement

- 5.1 The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.
- 5.2 Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.
- 5.3 Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP at 4% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.
- 5.4 The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Total Capital Expenditure	10,019	2,027	6,296	1,078	813	813
Capital Resources Receivable in Year	(9,996)	(1,795)	(1,589)	(1,557)	(1,555)	(1,463)
MRP & Repayment of Debt	(527)	(507)	(496)	(665)	(619)	(565)
Change in Underlying need to borrow	(504)	(275)	4,211	(1,144)	(1,361)	(1,215)
CFR Brought Forward	12,897	12,393	12,118	16,329	15,185	13,824
CFR Carried Forward	12,393	12,118	16,329	15,185	13,824	12,609

5.5 Investment and Reserve Balances

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

5.5.2 At 31 March 2016, the Council had investments of £16.531million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2017, investment balances would fall to around £14m. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
Total Investments	16,531	14,088	14,844	16,004	17,344	18,065	19,162
<i>Made up of:</i>							
General Fund Reserves	4,588	2,647	3,113	3,588	3,891	3,363	3,363
Capital Reserves	585	600	615	630	645	660	675
Earmarked Revenue Reserves	2,818	2,470	2,470	2,470	2,470	2,470	2,470
Provisions	2,166	2,166	2,166	2,166	2,166	2,166	2,166
Collection Fund Adj Account	(227)	(227)	(227)	(227)	(227)	(227)	(227)
Capital Grants Unapplied	191	191	191	191	191	191	191
Working Capital (incl Collection Fund)	4,293	3,620	3,620	3,620	3,620	3,620	3,620
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	14,414	11,467	11,948	12,438	12,756	12,243	12,258
Surplus Cash/(Cash Deficit)	2,117	2,621	2,896	3,566	4,588	5,822	6,904

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

5.5.3 The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2021/22.

5.5.4 This can be proven when comparing the CFR figures to the actual borrowing level, i.e. comparing the underlying need to borrow with the actual borrowing we carry.

	Outturn	Forecasts					
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
CFR (Underlying Need to borrow)	12,897	12,393	12,118	16,329	15,185	13,824	12,609
Total Borrowing	15,014	15,014	15,014	19,895	19,773	19,646	19,513
(Over)/Under Borrowing Position	(2,117)	(2,621)	(2,896)	(3,566)	(4,588)	(5,822)	(6,904)
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,117)	(2,621)	(2,896)	(3,566)	(4,588)	(5,822)	(6,904)

5.5.5 Therefore, to meet its capital financing obligations, the Council was over borrowed by £2.117million in 2015/16 and assuming all else remains equal, this changes to an over borrowed position of £6.904million by 2020/21 due to the setting aside of MRP, and additional unsupported capital expenditure and assumed reduced borrowing costs on the stock issue.

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

6.0 Evaluation and Monitoring of Capital Projects

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

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

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

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

- The use of Microsoft Project Server is being developed in order to assist the project management function of the Council

7.0 Appendices

Appendix A - Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Reasonably Probable	Marginal	Strengthen the role of Corporate Programme Board when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	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. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	Marginal	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 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	Marginal	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	Probable	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. DCLG 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 PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.

Report to Council

Agenda
Item:

18(iii)

Meeting Date: 13th September 2016
Portfolio: Finance, Governance and Resources
Key Decision: YES: Recorded in the Notice Ref: KD.
Within Policy and Budget Framework YES
Public / Private Public

Title: **ASSET MANAGEMENT PLAN 2016 TO 2021**
Report of: **Director of Governance**
Report Number: **GD.50/16**

Purpose / Summary:

The attached report (GD.40/16) and Asset Management Plan was considered by Executive on 1st August 2016 before being referred to Resources Overview & Scrutiny Panel on 4th August 2016 and back to Executive on 30th August 2016.

Recommendations:

Council agree to adopt the Asset Management Plan for 2016-2021

Tracking

Executive:	1st August 2016
Overview and Scrutiny:	4th August 2016
Executive:	30th August 2016
Council:	13th September 2016

Report to Executive

Agenda
Item:

A.3

Meeting Date: 1st August 2016
Portfolio: Finance, Governance and Resources
Key Decision: YES: Recorded in the Notice Ref: KD.10/16
Within Policy and Budget Framework YES
Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2016 TO 2021**
Report of: **Director of Governance**
Report Number: **GD.40/16**

Purpose / Summary:

The Asset Management Plan is being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011.

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

Recommendations:

The Executive notes the position and approves the update to the Draft Asset Management Plan in order for it to proceed for consideration by the Resources Overview & Scrutiny Panel, back to the Executive and then full Council.

Tracking

Executive:	1st August 2016
Overview and Scrutiny:	4th August 2016
Executive:	30th August 2016
Council:	13th September 2016

1. BACKGROUND

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

2. PROPOSALS

- 2.1. The AMP has been revised this year to provide a succinct document that reflects;
 - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
 - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,
 - Performance of the assets and how these are constantly reviewed and challenged,

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

3. CONSULTATION

- 3.1. Internally via the Council's corporate structures and processes. The Draft Plan will go to Resources Overview & Scrutiny Panel on 4th August for consideration, comment and feedback.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

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

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Barbara Vernon

Ext: 7422

Appendices attached to report: Draft Asset Management Plan 2016 - 2021

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – None

Community Engagement – None

Economic Development – None

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

Local Environment – None

Resources –The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2017/18 to 2021/22



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2016 – 2021

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1. The Council

1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2016/17 has a net revenue budget of £12.235 million and capital expenditure of £10.019 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

1.2 The Council's asset base produces a rental income of around £4.5 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £125 million.

2. Purpose, Aims and Objectives

2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Corporate Plan, the Community Plan, Directorate and Service Plans, the Medium Term Financial plan and Capital Strategy.

2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below;

1. Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
2. Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
3. Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
4. Generate capital for investment purposes aligned to corporate objectives.
5. Ensure a healthy and safe environment for property users.
6. Apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. Support the Council's Climate Change Strategy to reduce carbon emissions from our estate in accordance with the Carbon Management Plan.
8. Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
9. Contribute to the Council's Medium Term Financial Plan and Capital Strategy, identifying investment opportunities.
10. Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

3. Property Strategies and Principles

3.1 The Council has developed the following strategies and principles;

Operational Property Strategy – to own property to deliver services which provide users with suitable, sufficient, accessible and energy efficient accommodation and facilities, developing partnership working, to co-locate and share services, and where appropriate partner private sector to deliver services.

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.

Non-Operational Property Strategy – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium Term Financial Plan.

- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.

Surplus Property Strategy – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.

- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.

Property Acquisition Strategy - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

4. Value for money

4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.

4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

5. The Portfolio and Current Performance

5.1 Gross Asset Value as at 31 March 2016

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	69	52	14	207
Total income	£22,885	£3,615,500*	£4,450,050**	£43,400	£8,131,835
Capital value	£3,950,748	£30,077,597	£92,878,001	£1,663,500	£128,569,846
Capital Expenditure	£0	£1,147,201	£4,790,568	-	£5,937,769
Outstanding Maintenance		£2,980,100	£2,000,000	-	£4,980,100
* Income from to operational assets (ie car parks, crematorium, Civic Centre and Enterprise Centre rents)					
** Rental income from investment assets					

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The total capital spend in 2015/16 was £7.968million. However this did not all relate to property assets, £0.636 million was revenue expenditure funded from Capital Under Statute which included capital works on assets not owned by the Council.

The figure for the outstanding maintenance on the operational buildings is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure is slightly up on last year, mainly as a result of the budget for the capital schemes special project fund reducing by 50% to £150,000, but is also affected by the disposal and acquisition of assets. The reduction in the capital schemes special project fund to £150,000 per year will affect future figures. The outstanding maintenance figure will also be affected by the December 2015 floods which hit a number of our operational properties. This meant that some planned maintenance works were unable to be executed. The impact on the outstanding maintenance figure will become apparent following reinstatement of the properties.

The figure for the non-operational outstanding maintenance relates to historical infrastructure costs associated with our industrial estate ground rent portfolio and has not been reviewed for a number of years. It is likely that this figure has come down due to the disposal programme and the capital expenditure which has gone into infrastructure improvements on the Kingstown, Durranhill and Willowholme Industrial Estates over the last few years but, as there is no recent survey data available, this can't be substantiated with evidence.

5.2 Outstanding Maintenance

	16/17	17/18	18/19	19/20	20/21
Total Revenue Budget	£722,000	£736,300	£751,000	£751,000	£751,000
Capital Schemes Special Projects	£150,000	£150,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 :24

Based upon condition surveys, an annual planned maintenance programme has been established for operational assets. There is outstanding maintenance; currently £2,980,100 for the portfolio of operational buildings, the delivery programme to reduce this incorporates a degree of flexibility to respond to the

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demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3 year programme of planned and reactive maintenance on 16 November 2015 (report reference GD.65/15).

In condition category terms the split is:-

Condition Category (as a % of Gross Internal Area Operational Property)	Sustainable Criteria
A. (Excellent) 59%	Yes
B. (Good) 28%	Yes
C. (Mediocre) 12%	Review
D. (Poor) 1%	No

Condition has remained stable over the past two years. However the impact of the flooding in December 2015 and reinstatement works on some of the operational portfolio may well have a positive impact on condition overall.

5.3 Energy Efficiency

A programme of energy efficiency and renewable energy projects has been carried out with significant investment in recent years. In the last year the amount of investment has been less than in previous years, however contributions have been made by continuing to replace old lighting in the Civic Centre with new smart lighting and the demolition of the store at Bousteads and the Upperby Cemetery toilet building.

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

5.4 Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties and the programme is required to meet those duties. Report GD.65/15 was presented to the Executive on the 16th November 2015 with proposals for capital investment for planned major repairs. The business case identified 9 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

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The capital schemes special project fund for the programme 2016/17 has been allocated as follows:-

PROJECT	COST	PRIORITY
Civic Centre – Repairs to external beam and column ties	£20,000	Health and Safety/Asset protection
West Walls – stone repointing and repairs	£20,000	Health and Safety/Heritage conservation
Carlisle Crematorium – recover flat roof and repairs to access road	£32,000	Asset protection/Energy conservation
The Pools – replace large roof lights over 20m pool	£25,000	Health and Safety/Asset protection/Energy conservation
Enterprise Centre – Replace electric heating with heat pumps and tie back leaning gable on James Street	£20,000	Asset protection/Energy conservation
The Sands Centre – Main hall flat roof over coating	£10,000	Asset protection/Energy Conservation
Guildhall Museum – renew lead to roof of bay window on Fisher Street	£8,000	Asset protection
Morton Community Centre – Lead gutter replacement	£10,000	Asset protection
Carlisle Cemetery – repaint boundary railings	£5,000	Asset protection
TOTAL	£150,000	

6. Continuous Review and Challenge

The Council continuously reviews and challenges its asset portfolio;

1. The Council uses a suite of CORPROP national property performance indicators together with local performance indicators to measure the performance of its property portfolio on a year on year basis. The results of these indicators, although not reported separately, are reflected in the information reported throughout this plan and feed into strategic decision making processes.
2. The Council holds a significant, numerous and diverse portfolio of assets across the city which generates considerable income and which has an important impact

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

3. The Council has a highly rationalised operational portfolio, with a manageable outstanding maintenance, but with scope for further consolidation. The accommodation review and Asset Review Business Plan is ongoing and will continue to produce efficiency benefits.
4. The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This potential will be further explored and actions taken to realise efficiencies with the resources currently available.
5. The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

6.1 Accommodation Review

An Accommodation Review of both back office and front public facing service delivery assets is underway. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible. The project has been on going over several years, and undertaken in phases. It covers all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots.

To date the review has; centralised back office delivery with the closure and demolition of part of Boustead's Grassing, the transfer of staff to the Civic Centre and letting of space to partners improving space utilisation. The Council's Willowholme Depot has been sold and parts demolished and a new Women's and Family Hostel in Water Street has been provided to replace the former facility Stafffield House, which has been sold.

The challenges going forward are;

To further examine space utilisation in the Civic Centre as the continued reduction in staff during 2015/16 has led to a further reduction in the occupancy rate and increased costs per full time employee.

To reinstate the flood affected ground floor area of the Civic Centre to make the most effective use of the flood affected space, building in resilience measures to mitigate the impact of potential future flooding.

To find new occupiers to share the surplus accommodation, reduce overall occupation costs, and support the Council's ambitions to improve public access to a wide range of customer services through the Contact Centre.

6.2 Asset Review Business Plan

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

Implementation of the Business Plan has taken place over the past 5 years with management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management put into place. These changes took place within the context of the Transformation Programme and are constantly evolving as priorities and needs change.

6.3 Disposal Programme

To date 38 assets have been sold realising total gross receipts of circa £10.5 million. Overall the returns show an increase of approximately 11% above the business plan estimates for those assets.

The programme plan for 2016/17 has been refreshed and re-profiled (Report GD.72/15 refers), and looks at the future release and disposal of assets with potential to supply land for future housing development, into the private and social housing sectors. The programme refresh also places on hold assets previously allocated as surplus that produce a reasonable financial return for the Council. Additional funding has been allocated to the programme plan to allow the Council to help fund the delivery of the re-profiled programme.

6.4 Reinvestment Options

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

Opportunity purchases into the Economic Development and Operational portfolios have been completed to consolidate the Council's existing property ownership and land holdings in Rickergate with the acquisition of properties in the Warwick Street and Victoria Viaduct areas, together with a large redevelopment site at Caldew Viaduct.

6.5 Future Asset Management Options – Kingstown and Parkhouse

The Council is exploring the options and feasibility for alternative approaches to the asset and estate management of its investment land holdings at the Kingstown and Parkhouse. The estates produce an income of £2 million, and are worth circa £26 million, arguably it is the focus of the Council's most important investment asset. The estates have considerable embedded value but requires proactive asset management to maintain its status and pre-eminent position in a competitive market, sustain and increase rental income, realise development opportunities and fulfil tenant/occupier demands and ambitions.

Following an examination of the options available the Council's preferred approach is to secure a private sector partner to assist with the asset and development management of the estates through a service contract arrangement. A procurement exercise has recently been completed which will lead to the appointment of a preferred partner with specialist industrial management and development skills. This will see the delivery of a 5 Year Business Plan and promotion for the estates, opportunities to increase income, and a new model which could assist with the review and reorganisation of the way the Council delivers property services, helping with future budget savings and increases in efficiency.

6.6 Economic Development Portfolio

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

Major infrastructure improvements are underway at Durrhill Industrial Estate following grant support being obtained from Cumbria LEP (£2,000,000) and the Homes and Communities Agency (£250,000). It is estimated the improvements could create 200 FTE's. The works are scheduled for completion in October 2016 and already new businesses have relocated to the estate.

The City Council is currently exploring opportunities around the Citadel area. The County Council's land holding will be surplus to requirements following their relocation to their new headquarters at Botchergate. The City Council also has a significant land

holding in the area and the combined site would provide a significant City Centre redevelopment opportunity. A bid has been submitted to Cumbria LEP for Growth Deal Funding to support the redevelopment acquisitions. If successful there is the opportunity to bring forward a major City Centre redevelopment scheme.

6.7 Flood Affected Assets

A number of the Council's operational, leisure and investment assets were affected by Storm Desmond in December of 2015 with extensive flooding taking place. This is the second time in a 10 year period that Council assets have been seriously affected by flooding.

A programme of flood recovery work is currently underway with the Council taking stock of each of the flood affected assets. This has meant considering the future of each affected asset, its location, level of remediation, future use, and potential flood resilience work required during the reinstatement of the asset.

The programme is ongoing with the assets at a stage where they are ready for reinstatement. Each of the affected assets has been given an order of priority within the programme and reinstatement works have commenced on a number of our most important assets. The programme is anticipated to carry on into 2017 but the impact of the flooding will have ongoing consequences for the affected assets, their future use and how they are managed going forward.

7. Conclusion

The Council has a highly rationalised and suitable service occupied portfolio with a manageable outstanding maintenance which it will seek to improve through the Accommodation Review. Members are aware and have approved a plan to address outstanding maintenance.

The Council has a considerable commercial portfolio, which is generating substantial rental income.

The Council's asset base has considerable latent value, which if unlocked through the Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.

The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.

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The Council's asset base is continually being challenged and reviewed with additional efficiency measures implemented where appropriate.

The Council is looking at ways in which it can improve and re-model the way in which it delivers its property management services producing further cost and efficiency savings.