

REPORT TO EXECUTIVE			
PORTFOLIO AREA: INFRASTRUCTURE ENVIRONMENT AND TRANSPORT			
Date of Meeting:	2ND SEPTEMBER 2002		
Public			
Key Decision:	Yes	Recorded in Forward Plan:	Yes
Inside Policy Framework			

Title: BUDGET ISSUES
DEPARTMENT OF ENVIRONMENT AND DEVELOPMENT

Report of: DIRECTOR OF ENVIRONMENT AND DEVELOPMENT

Report reference: EN 097/02

Summary:

This report provides further background in the areas identified by the Executive as part of the budget strategy.

Recommendations:

That the Executive considers the additional information provided.

M Battersby
Director of Environment and Development

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1. BACKGROUND INFORMATION AND OPTIONS

1. At its meeting on 27th May 2002 the Executive set out the outline of the budget strategy for 2003/4 – 2005/6. This report provides further information on a range of issues identified for further consideration.

2. Car Parking Charges

1. The Council reviews its off street car parking charges annually and in doing so strives to balance a range of features. These relate to income, contribution to the Local Transport Plan for Carlisle and maintaining the economic vitality of the City Centre. This year the process can be informed by the recent study commissioned by the Council which assesses parking demand and supply.
2. Included as Appendix A is a schedule of options which may be assessed. It is suggested that options b, e and i are the most appropriate for further consideration and would generate an increase of approx. £134,500 inclusive of inflation in a full year.
3. Any proposed increases would need to be formally advertised and there are a number of consultations required.
4. In addition, a report will be brought to the Executive on 30th September identifying a programme of options for increasing car parking capacity in the City. If progressed these will require capital expenditure but have the potential to increase revenue.

1.3 Development Control / Building Control Income

1. The resolution of the Executive on 29 July results in little if any potential to identify any additional income from Development Control. The income levels will be monitored to identify any future increase.

1.3.2 Building Control operates on a commercial trading account basis as defined by legislation. Over the past 3 years it has generated a surplus. In 2001/2 this was £25,000 and the balance over 3 years is approximately £70,000. This is "ring-fenced" to the function although the potential uses of this surplus are being assessed further.

3. Procurement / Purchasing

1.4.1 An initial tendering exercise for the supply of stationery and general office equipment produced savings of £12,000 which has been reflected in base budgets in the current financial year.

2. This tendering process will be extended to protective clothing, uniforms, furniture and fittings and photocopying equipment. The exercise should result in savings of between £10-15,000 but this will require the identification and rationalisation of corporate requirements and the resolution of corporate identities and logos.
3. The introduction of ORBIT the electronic purchasing system is underway and should be completed by September 2002. This is being supplemented by the issue of purchasing guidebooks and awareness training for identified Council purchasing officers. In turn more effective monitoring of the system should enable smarter purchasing, standardisation and economies. It is too early to be definitive as to the level of savings which will arise. To some degree this will be offset by reduced purchasing budgets as a result of LSVT, Leisure Trusts etc.
4. The main area for potential cost reduction / financial savings has been identified as the hire of plant and equipment and the engagement of subcontracting organisations and sub-contract labour. During the last financial year (2002/02) the total expenditure by the City Council was some £6,000,000 approximately. This was not an excessive sum and followed a trend of expenditure consistent with previous years.
5. The Corporate Procurement Group proposes to review the whole area of subcontract appointment, management and payment and identify specific areas where value for money studies can be carried out. The potential for cost reduction / savings to the Council is unknown but a relatively small saving of only 1% overall will generate a financial saving of

some £60,000. Therefore, the possibility for significant savings is clearly apparent.

- 6. During the financial year ending 5 April 2002 the City Council returned to the Inland Revenue information on the value and types of subcontractor utilised. This data has been further analysed and will be utilised as the starting point in a value for money study.

1.4.7 Discussions with Internal Audit have taken place and the resources have been set aside to undertake a comprehensive study on the subject of subcontractor management, payment and co-ordination. The full "Audit Brief" will be formulated by the procurement working group and will incorporate a number of the following topics:-

- o Subcontractors – approved list selection.
- o CIS scheme co-ordination and administration.
- o Contracts Register and Maintenance.
- o Qualification of work done, standards achieved.
- o Valuation and Interim payment assessment.
- o Retention maintenance, liquidated and ascertained damage co-ordination.
- o Payment certification.

4. Commercial & Technical Services Operation Surplus

- 1. A fundamental issue needs to be addressed regarding the principle of generating a sustainable surplus from this Business Unit. The current organisation review identifies the need to create "one Authority and one culture" with the focus on service improvement rather than trading profits. The need to generate other than modest operating surpluses will fundamentally change the nature of the Business Plan.
- 2. As part of the current LSVT process a preliminary draft Business Plan has been produced for the residual element of Carlisle Works. This currently defines a surplus of £20-30,000 over and above the new cost of the Head of Commercial and Technical Services which has been absorbed due to existing management costs being included in the corporate budget.

1.5.3 The draft Business Plan includes a range of assumptions on central overhead costs, depot costs and management information needs and costs etc. Until such time as these are fully resolved it is extremely difficult to more accurately validate initial projections.

5. Highways Claimed Rights

- 1. A detailed assessment of the financial implications of undertaking Highways Claimed Rights has been undertaken and considered by CMT. The level of highway claims is a key factor and with the experience to date there is no financial benefit to be gained from ceasing to exercise the function.

6. Summary of Potential Savings/Increased Income 2003/4

1. Parking Charges	£134,000
2. Building control Income	

(subject to authorised use of trading surplus)	£15,000
3. Procurement / Purchasing	£50,000
4. Commercial & Technical Services Surplus	£20,000

2. CONSULTATION

- 1. Consultation to Date. Internal.
- 2. Consultation proposed. Various Interest Groups, Donaldsons.

3. STAFFING/RESOURCES COMMENTS

- 1. The proposals have no major impact on resources. The funding required to achieve the purchasing savings will be met from the existing budget.

4. CITY TREASURER’S COMMENTS

4.1 The City Treasurer has been consulted on views included within the report.

5. LEGAL COMMENTS

Not applicable.

6. CORPORATE COMMENTS

Not applicable.

7. RISK MANAGEMENT ASSESSMENT

- 1. Whilst the increased income and savings projections are considered to be realistic and based on current trends there is no absolute guarantee that they can be achieved at this time.

8. EQUALITY ISSUES

Not applicable.

9. ENVIRONMENTAL IMPLICATIONS

9.1 The proposals for car parking compliment the LA21 Strategy.

10. CRIME AND DISORDER IMPLICATIONS

Not applicable.

11. RECOMMENDATIONS

11.1 It is recommended that the Executive considers the additional information provided.

12. REASONS FOR RECOMMENDATIONS

12.1 The recommendation is in response to the resolution of the Executive’s budget strategy.

Car Park Charges

Options for Charging

The following options are put forward for consideration.

- a. Sunday charging at normal rates
- b. Sunday charging at £1 / day
- c. Charge for Disabled at normal rates
- d. Increase Long Stay Charges as detailed in table below

Existing (£)	Proposed (£)	Hours
1.00	1.00	0 - 1
1.00	1.50	1 - 2
1.50	2.00	2 - 3
2.00	2.00	3 - 4
2.50	2.50	4 - 6
3.00	3.00	Over 6

- a. Contract Charges to be increased as shown in the table below

Monday to Friday:

William Street, Cecil Street, Shaddongate, Paddy's Market, Devonshire Walk, The Sands, both Lower and Upper Viaduct.

Annual Charge 2002 / 03	Existing £370	Proposed £420
Monthly 1	30.84	35
2	61.68	70
3	92.52	105
4	123.36	140
5	154.20	175
6	185.04	210
7	215.88	245
8	246.72	280
9	277.56	315
10	308.40	350
11	339.24	385

12	370.00	420
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Monday to Saturday:
William Street, Cecil Street, Shaddongate, Paddy's Market, Devonshire Walk, The Sands, both Lower and Upper Viaduct.

Annual Charge 2002 / 03	Existing £440	Proposed £528
Monthly 1	36.67	44
2	73.34	88
3	110.01	132
4	146.68	176
5	183.35	220
6	220.02	264
7	256.69	308
8	293.36	352
9	330.03	396
10	366.70	440
11	403.37	484
12	440.00	528

Note: The existing discount on Contract Parking is 41% based on a working year of 210 days.
This changes to 33% for the new charge proposed.

- b. Increase Long Stay charge for stays of over 6 hours
- c. Increase charge to £3.50 from present £3.00
- d. Increase Short Stay charges as shown in the table below

	2002 / 03	
	Existing	Proposed
Up to 1 hour	0.60	0.70
1 – 2 hours	1.20	1.30
2 – 3 hours	1.80	1.80
3 – 4 hours	2.50	2.50
Over 4 hours	5.00	5.00

- e. Adjust Long and Short Stay charges as shown in table below

	Existing Charges		Proposed Charges	
Duration of Stay	Long Stay	Short Stay	Long Stay	Short Stay
0 – 1 hours	1.00	0.60	0.70	0.70
1 – 2 hours	1.00	1.20	1.40	1.40
2 – 3 hours	1.50	1.80	2.00	2.00
3 – 4 hours	2.00	2.50	2.00	2.50
4 – 6 hours	2.50	5.00	2.50	5.00
Over 6 hours	3.00	5.00	3.00	5.00

f. Increase Short Stay charges as shown in Table below

Duration of Stay	Existing Charge	Proposed Charge
0 – 1 hours	0.60	1.00
1 – 2 hours	1.20	1.50
2 – 3 hours	1.80	2.00
3 – 4 hours	2.50	2.50
4 – 6 hours	5.00	5.00
Over 6 hours	5.00	5.00