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EXCERPT FROM THE MINUTES OF THE ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL HELD ON 29 NOVEMBER 2012

EEOSP.74/12 BUDGET 2013/14 – 2017/18

Revenue Budget Reports

(a) Summary of New Revenue Spending Pressures

The Director of Resources submitted report RD.44/12 summarising the new revenue spending pressures and reduced income projections which needed to be considered as part of the 2013/14 budget process. The issues were to be considered in the light of the Council's corporate priorities.

The Executive had on 19 November 2012 (EX.138/12) received the report and forwarded it to the Overview and Scrutiny Panels for consideration as part of the 2013/14 budget process.

The Director of Resources advised that it was clear that all of the pressures could not be accommodated within existing resources (including use of reserves) and decisions would be needed throughout the budget process to limit pressures to high priority and unavoidable issues to ensure that a balanced budget position was recommended to Council in February 2013.

Members then considered the following new priority for revenue spending and reduced income which fell within the areas of responsibility of this Panel.

- **Building Control Income**

The Building Control function was governed by strict statutory requirements that dictated that the function must only break even. The current budget position provided for the service to generate a surplus of £50,000 which was not allowed under the statutory requirements and that pressure removed that position.

- **Car Park Income**

Car Parking income was due to increase by £50,000 due to the Medium Term Financial Plan requirement of 3.8% being added to all fees and charges income budgets. The charges report (LE.34/12) considered elsewhere on the agenda confirmed that such a requirement could not be achieved and therefore a pressure of £50,000 was required. Excluding Talkin Tarn it was not proposed to increase car parking charges in 2013/14. The results of the measures implemented as part of the review in 2011 were still to be fully determined.

- **Highways Services**

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There would be costs of retaining certain Highways Services following the decision to return Highways Claimed Rights to the County Council with joint working arrangements on the retained services.

- **Lanes Income**

Lanes Income projections were reduced as part of the 2012/13 budget process for two and a half years. The reduction was £277,000 for the 2012/13 to 2013/14 and a reduction of £138,000 in 2014/15. However, indications were that the reduction in income being received from the Lanes would continue and income would not recover properly until 2015/16. Therefore a further pressure of £138,000 was required for 2014/15.

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

- A Member was pleased that parking charges would not be increasing and stated that people should be encouraged to use the car parks and therefore it had to be made clear where people could park.
- With regard to the Lanes income a Member was concerned that the roof was not in a good state of repair and that there were a number of units that had been empty for some time. The Member was concerned that if the new owners wanted to replace the roof that would be a big cost implication for the Council and future budgets. The Director of Resources confirmed that there was nothing in the capital programme in respect of the Lanes at the present time. The Chief Executive and the Directors of Economic Development and Resources had been in discussion with the new owners and the issue had bit been raised. Any major expenditure needed to be agreed with the Council. The Director of Economic Development agreed to seek further information with regard to repairs to the roof and circulate information back to the Panel.

The Director advised that with regard to the units the new owners may wish to refurbish and attract new customers and she was in discussion with the new owners.

- With regard to rent of the units the Director of Resources explained that in the past the rent reflected the level of income in the Lanes. In the present economic climate rent deals were offered to attract people to fill the units. It was anticipated that when the economic situation recovered the rent rates would be higher.
- In response to a query regarding homelessness grants the Director of Resources advised that there was a one-off grant but it was ring-fenced for housing.

RESOLVED – That Report RD.44/12 be noted.

(b) Summary of New Savings Proposals and Additional Income

Report RD.45/12 had been circulated to the Panel by way of background information.

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The Director of Resources summarised the proposed savings relating to Pay Award Savings 2012/13, Council Tax discount review, Leisure Contract Savings, Asset Review, Housing Benefit Admin Grant and the re-profiling of Transformation savings.

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

- A Member asked for the reason for the re-profiling of the transformation savings. The Economy and Enterprise Portfolio Holder explained that at present there had been no indication of the Government settlement and what the knock on effect would be. He added that if savings were taken early the budget would be more stable over years 2 and 3. If the savings were budgeted across the 3 years the savings would need to be the same as this year and if the situation worsened the savings would need to be bigger next year. The Deputy Chief Executive advised that the re-profiling would allow the recent staff changes to bed in and provide staff with some breathing space.

RESOLVED – That Report RD.45/12 be noted.

(c) Review of Charges 2013/2014

- **Local Environment**

Report LE.34/12 was submitted, setting out the proposed fees and charges for the services falling within the remit of the Local Environment Directorate.

The Executive had on 19 November 2012 (EX.133/12) decided that:

“the Executive agreed for consultation the proposed charges (including the amended charges for Talkin Tarn car park), as set out in Report LE.34/12 and relevant appendices with effect from 1 April 2013; noting the impact of those changes on income generation, as detailed within the report”.

- **City Centre Events Charges**

In view of the current economic climate it was proposed to retain the current charge levels for 2013/14 to help maintain demand and the current budgeted level of revenue. Based upon anticipated usage, the proposed charges would still meet the Medium Term Financial Plan budget target requirement of £16,200.

- **Car Parking**

Measures put in place following recommendations by Buchanan Consultants last year included the revised charging structure and the introduction of Pay by Phone facilities. Such measures had enabled the Council to prevent the decline in income for Category 1 and 2 car parks. The income from Category 3 and Category 4 car parks continued to decline. However in Devonshire Walk car park sales had increased, which indicated that customers were beginning to return. The uptake of Pay by Phone in the Sands Centre car park had been unexpectedly low. With increased marketing and awareness activity there was the potential to substantially increase the income within Category 3. Furthermore, there was evidence to suggest that increasing charges would trigger a fall in

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car park use and sales. It was therefore proposed that off street parking charges remain unchanged whilst the measures recommended by Buchanan Consultants be further evaluated and uptake of the Pay by Phone facility encouraged.

- **Parks and Green Spaces**

It was proposed to increase allotments charges in line with the current Medium Term Financial Plan expectation. Discounts would continue to be available for individuals in receipt of a state pension and tenants' associations that run 5 sites in the City.

Charges for the use of parks and green spaces had been introduced with the exception of Low Key Commercial Use, for which it was intended that Council officers should have discretion to waive or reduce charges in circumstances where a commercial operator was needed in order to provide a catering service as part of a City Council run event. That responsibility was currently delegated to the Director of Local Environment. A sliding scale of charges was recommended for fun fairs.

- **Talkin Tarn**

It was proposed to introduce a new pricing structure for 2013/14 and also to extend the daily operation period by 3 hours. Therefore visitors would be required to pay for parking from 0800 hours to 1900 hours each day. In order to encourage uptake the annual permit would be rebranded as the Talkin Tarn Membership. The details of the product were yet to be finalised and would include other services besides the use of the car park.

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

- A Member was concerned that if parking charges were increased the public would park on the road and at the Tarn End Hotel. The Environment and Transport Portfolio Holder acknowledged the concerns but believed that the amended rates were reasonable in the light of budget pressures.
- What would be the effect on the £87,000 net cost of the proposed increases to the charges? The Director of Local Environment advised that sum was the difference between what was spent on Talkin Tarn and the income. Previously there was a dowry from the County Council of £40,000 but that had now ceased. The additional income from the proposed changes would realise £7,000. Other ways of making savings would also be investigated as well as new income streams. The Portfolio Holder informed Members that there had also been a loss in the cafe mainly due to the bad summer.
- Were annual permits popular? The Director of Local Environment advised that they were not at present but incentives were being considered that would encourage people to purchase the Talkin Tarn membership.
- Add-ons to the permits could create logistical difficulties. The add-ons had not been agreed and at present the annual permit was sold on its own.
- A Member suggested that a Task and Finish Group be put in place to look at the full potential of what could be provided at Talkin Tarn.

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The Portfolio Holder explained that the problems had been caused by the initial agreement with the County Council.

- A Member suggested extending the opening times of the cafe as the present closing time was 4:00pm and a lot of people used the park in the summer until 6:00 or 7:00pm.

The Director advised that a management plan for Talkin Tarn was being drawn up that would consider the use of the cafe among other things. The Portfolio Holder was not opposed to a Task and Finish Group but requested that the budget proposals be considered separately.

- **Clean Neighbourhoods and Environment Act**

The Government had changed the maximum amount that Councils could put on a Fixed Penalty Notice for waste receptacle offences and that charge had been reduced accordingly. Other Fixed Penalty Notices would remain unchanged.

- **Waste Services**

It was proposed to increase charges for bulky waste collection in line with the current Medium Term Financial Plan expectation. It was further proposed to introduce charges for clinical waste collections and new or replacement Euro bins. Reviews were under way in respect of the "Purple Sack" rounds and clinical waste collection. It was also proposed to charge developers for the cost of supplying households on new developments for the first set of waste and recycling containers. That would ensure that waste collection could remain free at the point of delivery.

- The box tops for the recycling bins had been useful in preventing litter. Could next year's small scale grants be used to purchase box tops? The Director of Local Environment agreed with the suggestion and believed that it would make a difference to the amount of litter.

- **Summary of Income**

With the Exception of Talkin Tarn, the income of which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income of £2,629,800 against the Medium Term Financial Plan target of £2,679,800. That represented a shortfall of £50,000 against the Medium Term Financial Plan target.

RESOLVED – 1) That report LE.34/12 be welcomed

(2) That the observations of the Environment and Economy Overview and Scrutiny Panel, as outlined above, be conveyed to the Executive.

3) That a Task and Finish Group be set up in the New Year to look at the work of Talkin Tarn

- **Economic Development**

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Report ED.35/12 was submitted, setting out the proposed fees and charges for the services falling within the remit of the Economic Development Directorate.

The Executive had on 19 November 2012 (EX.135/12) decided that

“the Executive agreed for consultation the proposed charges, as set out in the relevant Appendices to Report ED.35/12, with effect from 1 April 2013; noting the impact those would have on income generation as detailed within the report.

- **Tourism and City Centre Management**

It was considered that there was little scope for increasing charges for other organisations across the country but a wider range of tickets with other items such as fishing licences continued to be sold to try to maintain income. Other income streams such as accommodation booking and retail sales continued to be under downward pressure due to reduced numbers passing through the Tourist Information Centre and the increased use of the internet.

In respect of the Assembly Rooms the proposal to re-furbish and upgrade facilities in the Old Town Hall was subject to a current review with external works due to commence in January 2013. Such works would require a temporary relocation of the Tourist Information Centre and suspension of the use of the Assembly Room during that period. There may be scope to increase charges lightly in line with inflation but generally there was little scope to increase revenue in a substantial manner, especially if no refurbishment/improvements were undertaken in the short term. It was therefore considered that a small increase to charges and a budget figure of £2,200 for 2013/14 be considered realistic in the circumstances.

- While the renovations to the Old Town Hall were in progress there would be scaffolding across tenant businesses. Would there be any rate relief as a result? The Director of Economic Development advised that if it was believed that business had been affected the company could write to the Council on that basis.

With regard to advertising in previous years income had been generated from accommodation providers and by charging for advertising space with regard to tourist publications produced by the City Council to promote Carlisle. The previous 2 years had broken even and that was expected to continue in 2013/2014. The decision was therefore taken to reduce the entry fee for the 2013 Guide and include a free entry on the Discover Carlisle website thus encouraging more businesses to “sign up” to the web from which the Council could persuade businesses to take a “bookable” entry which could result in a commission based income.

- **Enterprise Centre**

A full review of the Enterprise Centre had been carried out by the Environment and Economy Overview and Scrutiny Panel in April 2012. It concluded that management of the facility should take place centrally from the Civic Centre. That had meant that it was no longer viable to provide a number of services to the tenants or to offer conference room facilities for external hire. Market forces suggested that there was little scope for

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increasing rental values in 2013/2014. It was proposed that service charges be raised 3.8% for 2013/2014 in line with inflation.

- **Planning Services**

It was anticipated that the number of planning applications was likely to remain static for the coming year. The planning fees had recently increased but it was difficult to say at this stage what the impact would be. It was proposed to charge for the monitoring of Section 106 Agreements to ensure requirements were complied with. In addition it was proposed to increase charges for technical reports and data by 3.8% across the board. Building Control fees, which were ring-fenced, were based on national recommendations. In order to ensure that the service remained competitive there would be a review of charges in January 2013 which would include a comparison of competitors.

- **Summary of Income Generated**

The acceptance of the charges highlighted within the report, with the exception of Building Control which was self-financing, would result in an anticipated level of income of £575,000 against the Medium Term Financial Plan target of £579,100. There was a shortfall of £4,100 which would be accommodated within base budgets.

RESOLVED – (1) That report ED.35/12 be welcomed

Capital Budget Reports

(d) Revised Capital Programme 2012/13 and Provisional Capital Programme 2013/14 to 2017/18

The Director of Resources submitted report RD.46/12 detailing the revised capital programme for 2012/13, together with the proposed method of financing as set out in Appendices A and B. The report also summarised the proposed programme for 2013/14 to 2017/18 in the light of the new capital pressures identified, and summarised the estimated and much reduced capital resources available to fund the programme.

The Executive had on 19 November 2012 (EX.140/12) considered the report and decided that the Executive:

- “1. Noted the revised capital programme and relevant financing for 2012/13 as set out in Appendices A and B of Report RD.46/12;
2. Recommended that the City Council approve re-profiling of £3,000,000 and savings of £2,080,300 from 2012/13 identified in the review;
3. Made recommendations to Council to approve virements from underspends from Kingstown Industrial Estate (£150,100) and Families Accommodation Replacement (£100,000) to fund additional expenditure at the Resource Centre;
4. Had given initial consideration to the capital spending requests for 2013/14 to 2017/18 contained in Report RD.46/12 in the light of the estimated available resources; and

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5. Noted that any capital scheme for which funding had been approved by the Council may only proceed after a full report, including business case and financial appraisal, had been approved.”

Details of the new capital spending proposals which fell within the area of responsibility of the Panel were:

- Clean Up Carlisle
- Vehicles and Plant
- Old Town Hall/Greenmarket

RESOLVED: That Report RD.46/12 – Revised Capital Programme 2012/13 and Provisional Capital Programme 2013/14 to 2017/18 - be noted.