CARLISLE CITY COUNCIL

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AGENDA

Executive

Monday, 02 September 2013 AT 16:00
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

Apologies for Absence

To receive apologies for absence and notification of substitutions.

Declarations of Interest

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

Public and Press

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

PART A

To be considered when the Public and Press are present

A.1 DRAFT MEDIUM TERM FINANCIAL PLAN 2014/15 TO 2018/19 — 5 - 48

(Key Decision - KD.010/13)

Pursuant to Minute EX.81/13, the Director of Resources to submit a report seeking consideration of the draft Medium Term Financial Plan to guide the Council's forward planning process. The Resources Overview and Scrutiny Panel considered the matter on 29 August 2013.
(Copy Report RD.36/13 herewith / Minute Excerpt to follow)

A.2 DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19 — 49 - 64

(Key Decision - KD.010/13)

Pursuant to Minute EX.82/13, the Director of Resources to submit a report seeking consideration of the draft Capital Strategy 2014/15 to 2018/19. The Resources Overview and Scrutiny Panel considered the matter on 29 August 2013.
(Copy Report RD.37/13 herewith / Minute Excerpt to follow)

A.3 DRAFT ASSET MANAGEMENT PLAN 2013 - 2018 — 65 - 114

(Key Decision - KD.012/13)

Pursuant to Minute EX.83/13, the Director of Resources to submit a report on the draft Asset Management Plan for the forthcoming period, in tandem with the Council's Medium Term Financial Strategy. The Resources Overview and Scrutiny Panel considered the matter on 29 August 2013.
(Copy Report RD.40/13 herewith / Minute Excerpt to follow)

A.4 BUSINESS RATES POOLING — 115 - 122

(Key Decision)

(The Leader has agreed to this Key Decision item being considered at this meeting, although not in the Notice of Executive Key Decisions)

The Director of Resources to submit a report setting out the advantages for the City Council of pooling Business Rates with other Cumbrian authorities in taking advantage of the provisions of the Business Rates Retention Scheme 2013.
(Copy Report RD.38/13 herewith)

A.5 NOTICE OF EXECUTIVE KEY DECISIONS

(Non Key Decision)

The Notice of Executive Key Decisions, published on 2 August 2013, is submitted for information.

The Director of Local Environment was scheduled to report on Carlisle's Play Provision (KD.018/13). The matter has been deferred to allow further consideration of the principles under which the review is carried out.

A.6 SCHEDULE OF DECISIONS TAKEN BY PORTFOLIO HOLDERS 123 - 124

(Non Key Decision)

A Schedule of Decisions taken by Portfolio Holders under delegated powers is attached for information.
(Copy Schedule herewith)

Background Papers - Report RD.35/13 and the Armed Forces and Community Covenant are available on the Council's website - http://cmis.carlisle.gov.uk/cmis/ - Notice of Decisions - Individual Portfolio Holder Decisions

A.7 SCHEDULE OF DECISIONS TAKEN BY OFFICERS 125 - 126

(Non Key Decision)

A Schedule of Decisions taken by Officers under delegated powers is attached for information.
(Copy Schedule herewith)

A.8 JOINT MANAGEMENT TEAM 127 - 128

(Non Key Decision)

The Minutes of the meeting of the Joint Management Team held on 1 July 2013 are submitted for information.
(Copy Minutes herewith)

A.9 REFERENCE FROM OVERVIEW AND SCRUTINY — 129 - 132

(Non Key Decision)

To consider the following reference:

Minute EEOSP.51/13 - Overview Report and Work Programme - Marketing of Talkin Tarn.
(Copy Minute Excerpt herewith)

Background Papers - Reports OS.18/13 and OS.11/13 are available on the Council's website - http://cmis.carlisle.gov.uk/cmis/

PART B

To be considered when the Public and Press are excluded from the meeting

Members of the Executive:

Councillor C W Glover (Leader)
Councillor E B Martlew (Deputy Leader; and Environment and Transport Portfolio Holder)
Councillor A Quilter (Culture, Health, Leisure and Young People Portfolio Holder)
Councillor J Riddle (Communities and Housing Portfolio Holder)
Councillor Dr L Tickner (Finance, Governance and Resources Portfolio Holder)
Councillor H M Bradley (Economy and Enterprise Portfolio Holder)

Enquiries to:

Lead Committee Clerk - Morag Durham tel: 817036

Notes to Members:

Decisions made at this meeting, if not subject to call-in, will become live on 12 September 2013

CARLISLE CITY COUNCIL
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Report to Executive	Agenda Item: A.1

Meeting Date:	2 September 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD10/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	MTFP 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD36/13

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 and the Resources Overview and Scrutiny Panel, final recommendations will be made to Council on 10 September 2013.

Recommendations:

The Executive is asked to:

(i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 29 August prior to making recommendations to Council on 10 September 2013.

Tracking

Executive:	**5 August 2013**
Overview and Scrutiny:	**29 August 2013**
Executive:	**2 September 2013**
Council:	**10 September 2013**

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 2014/15 to 2018/19. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 5 February 2013. 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 10 September 2013.

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 18 November. These reports will be scrutinised by the three Overview and Scrutiny Panels at the end of November and beginning of December.

3. CONSULTATION

3.1 The draft MTFP has been considered by the Senior Management Team and the Joint Management Team.

3.2 The Resources Overview and Scrutiny Panel considered the MTFP on 29 August, and recommendations made to full Council on 10 September.

3.3 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

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

(i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 29 August prior to making recommendations to Council on 10 September 2013.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 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 attached to report: **Appendix 1 – Medium Term Financial Plan 2014/15 – 2018/19**

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 -

Community Engagement –

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

CARLISLE CITY COUNCIL

MEDIUM TERM FINANCIAL PLAN
2014/15 to 2018/19

JULY 2013

CONTENTS

POLICY AND CONTEXT

1.1 Purpose

The Medium Term Financial Plan (MTFP) 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. The objectives of the MTFP are to:

- 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 authority, 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,
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges.
- Review the policy over the level of reserves held by the Council,
- Set out processes to monitor and evaluate proposed and actual spending to ensure that value for money is obtained.

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.
- The projected budget deficits in later years will be addressed by the approved Savings Strategy

1.2 Government Policies

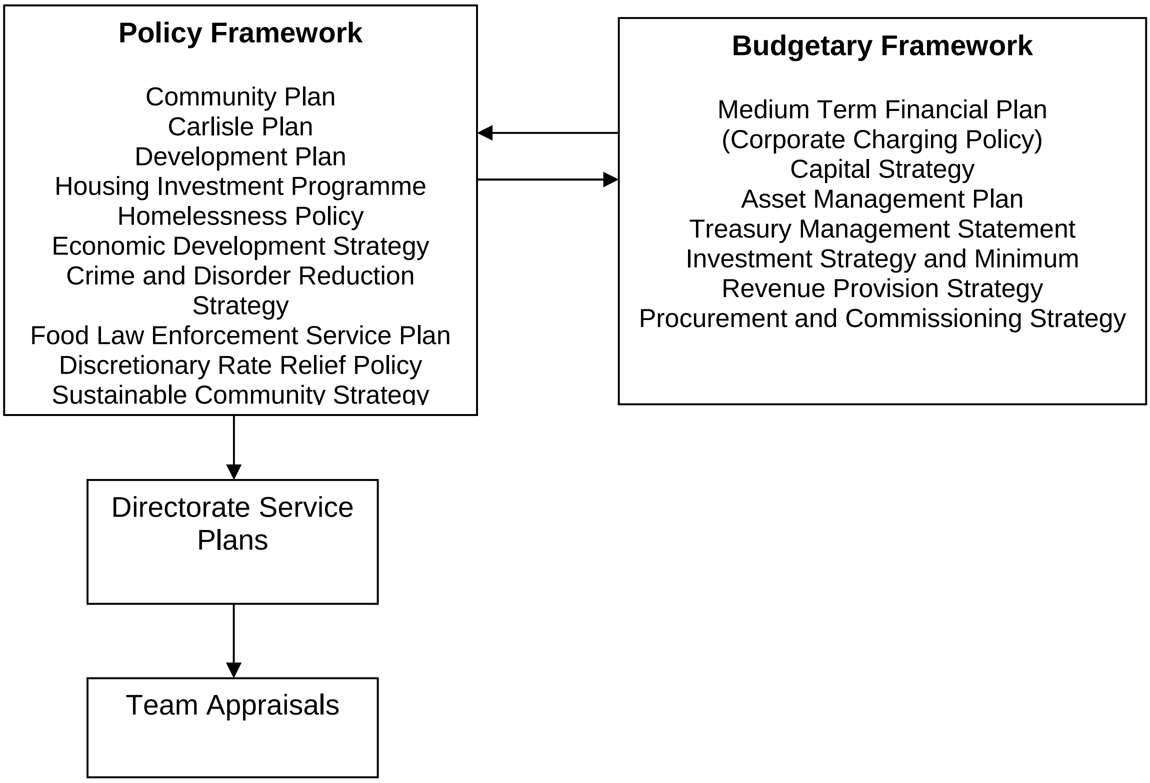
Nationally, the Government sets out policy which can result locally in the Council having to provide additional resources to meet nationally set targets, often without corresponding increases in grant assistance. Some initiatives do receive grant assistance, but for a limited period only, resulting in spending pressures for the Council when grant stops and the service needs to be maintained. This situation can only be resolved by the Council absorbing these new policy initiatives and meeting the cost from redirection of existing resources.

1.3 The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

The MTFP 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 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 Investment Programme.

1.4 Budget Priorities and Budget Allocations

Financial resources and performance are linked to the existing Council priorities;work has commenced on providing links to the revised priorities as set in paragraph 1.3 above, in terms of determining service objectives for each priority. The aim of this process is to see if the Council's budget is being used to best effect, and in accordance with priorities, and identify where additional resources may be required to improve performance and to achieve the Council's future aspirations in accordance with the transformation process. Conversely it may also be possible to reallocate resources from services which are not performing satisfactorily, and which may also be of a lower priority, to high priority areas which need greater support.

1.5 Performance Review

This process allows outturn expenditure and outcomes to be measured against budgeted expenditure and targets.

Currently, out-turn expenditure is measured against budgeted expenditure as part of the final accounts process and outcomes are measured against targets via the performance management framework. Financial data continues to be recorded on the Council's performance monitoring system, Covalent. The quarterly budget and performance monitoring reports are considered by Officers and Members to monitor progress throughout the year.

The integration of performance and financial information has been vital to the development of Value for Money profiles. These profiles are being used to challenge the current service delivery models as we interrogate the costs and outcomes associated with our services.

FORECASTING RESOURCES AND COMMITMENTS

Forecasting is the mechanism by which the Council obtains a firm indication of the level of funding available in future years and matches this to known and anticipated commitments.

2.1 Current Budget Forecast

The Council has well established mechanisms in place for forecasting resources and expenditure commitments over a five-year planning period. Projections will inevitably change over the period of the plan and will be kept under review. Factors affecting the assumptions made are set out in further detail in the MTFP.

The Council approved the current forecast for the period 2013/14 to 2017/18 on 5 February 2013 and this is shown in Appendices A to C as follows:

Appendix A – Summarises the net budget for the five years (£13.453million for 2013/14) approved for Council Tax Purposes by Council on 5 February and provides a forecast to financial year 2017/18. Indicative figures have also been included for 2018/19.

Appendix B – Provides an indicative forecast of how the projected gross budget (£59.949million in 2013/14) will be financed over the same period.

Appendix C – Analyses the Gross budget over main spending headings (only for 2013/14 as future years are not available).

2.2 Budget Surplus/Deficit Forecast

The current medium term financial projections indicate adequate Council reserves from 2013/14 due to the outcomes of the transformation process.

The amount approved by Council in February 2013 as part of the budget process, to be taken from/added to Council Reserves to support Council spending, updated by the outturn report approved in June and other adjustments approved to date, is set out in the Table below:

Year	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Total (Contribution From / (to) Reserves) £000
2013/14	(1,806)	1,560	677	**431**
2014/15	(602)	160	19	**(423)**
2015/16	(868)	0	0	**(868)**
2016/17	47	0	0	**47**
2017/18	840	0	0	**840**
2018/19	1,451	0	0	**1,451**

In order to address the forecast budget deficit position the Council has embarked upon a significant programme of service reviews, incorporated in the transformation agenda, to mitigate the impact on Council reserves.

There are remaining risks to the budget as set out in the budget resolution particularly in achieving the savings proposals approved. As in previous years, additional savings will need to be identified both to meet the projected shortfall and new budget pressures and also to continue support for initiatives and redirect resources to priority areas as well as increasing reserves to their minimum levels (£2.6million). The savings strategy is set out in more detail below and will ensure that in the medium term the Council complies with its policy of not meeting recurring expenditure from Council Reserves.

2.3 Efficiency and Savings Strategy

A strategy to identify recurring budget savings and service efficiencies was approved by Council on 5 February 2013 as part of the budget resolution. The strategy will deliver savings and efficiencies for the 2013/14 budget and will concentrate on the following areas:

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Additional Savings to be found	**1,534**	**0**	**839**	**0**	**0**

The 2013/14 budget indicated that the additional savings to be found will concentrate on the following areas to deliver the savings required to produce a balanced longer term budget, however, the exact work programme will be dependent on progress with the Transformation Programme.

- Asset Review – this will focus on producing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.

- Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
- As part of the transformation programme 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 are properly aligned to what the Council wants to achieve.

2.4 Significant Budget Issues

A number of high impact pressures on the Council's budgets have been identified and these are shown below. The impact of these potential revisions (some positive) will be further analysed and reported throughout the budget process and revisions made to current budget deficit projections as required:

- Government Grant Reductions (Further 10% from 2015/16)
- Revised Transformation targets
- Capital Programme - longer term priorities and revenue implications especially Vehicle Replacements
- Shortfalls in income from Lanes and other Sources, e.g. Car Parking and Planning Fees
- New Homes Bonus grant
- Effect of Localisation of Council Tax Benefit Grant and Business Rates Retention
- Implementation of the Universal credit
- Public Sector Pay Freeze
- Council Tax Capping and Referendum
- Pension and National Insurance Changes

2.5 The Capital Strategy

At the same time as the revenue budget is approved in February each year, the Council also approves its capital programme. The proposals for capital investment, together with the level of resources available to support the programme, are contained within the **Capital Strategy,** which provides guidance on the Council's Capital Programme and use of capital resources.

There are links between the capital programme and the revenue budget, as capital projects very often result in revenue costs e.g. to provide running costs for new facilities. These costs are reflected in the existing budget of the Council.

2.6 Sensitivity Analysis

2.6.1 Financial Impact

The MTFP makes a series of forecasts about the future financial requirements of the Council. This is inherently a risky business and there will inevitably be some variations from these forecasts as time passes by. The following table assesses the potential cost or benefit of a variation of 1% in the major costs and income contained within the Plan.

Description	Base for Calculation £000	1% Variance £000
Pay Awards	18,145	181
Supplies & Services	4,576	46
Council Tax	(5,959)	(60)
General Inflation (currently 2.8%)	9,357	94
Income from Fees and Charges & Receipts	(11,948)	(119)
Investment Interest - Movement in Rates	(25,000)	(250)

2.6.2 Population Impact

The resources of the Council are also affected by the demands of its customers. Over the next few years the population of the Council area is expected to grow by 0.1% per annum. The Council will therefore be expected to provide additional services to meet the needs of its growing/ageing population.

In 2013/14 the cost of providing Council services equates to a cost per head of population of £124.39, based on a population forecast of 108,144. A 1% increase in the Council's population would broadly equate to a further £135,800 needed to be raised to provide Council services at existing levels, which would equate to an increase in Council Tax of £4.37.

EXTERNAL FACTORS INFLUENCING THE MTFP

3.1 Economic Factors

3.1.1 State of the Economy

The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will play a pivotal role in determining how much the economy grows over the coming years. Whilst economic growth remains flat, the Council may find it will be difficult to increase income levels e.g. Car Park income. 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 reductions in banking credit ratings. The impact of increased costs is detailed in the sensitivity analysis section of the MTFP. The effects on the MTFP of any changes to the state of the Economy will need to be closely monitored in the short term in order to react effectively to changing situations. The MTFP currently assumes that the economy will show signs of recovery from 2014/15, with income projections increasing. However, if this does not occur as expected, further pressures may be placed on the revenue budget to meet any ongoing shortfalls.

3.1.2 Inflation

Inflation levels as at May 2013 were 2.7% for CPI (Consumer Price Index) and 3.1% for RPI (Retail Price Index).

As far as the City Council is concerned, inflation adds to the pressure on its finances if pay settlements and other costs exceed the estimates incorporated in the Council's budget. The Government has announced in the Budget and Spending Review that there will be a Public Sector pay freeze for two further years. It is anticipated that local government pay will mirror national public sector positions. The current MTFP includes pay award increases of 1.5% in 2013/14 and 2.5% in 2014/15 onwards. If any pay award is lower than these forecasts then the amount can be factored into the MTFP as potential savings, offsetting any additional cost pressures.

In terms of treasury management, the Council's borrowing costs are fixed until 2020 due to the long term fixed rate nature of its current external loans. Investment income is more related to movements in the base rate and other short term interest rates. Raising such rates is seen as one of the primary means of controlling inflation and the Monetary Policy Committee's primary remit is to control inflation. The base rate is at 0.5% and investment rates are now not far above this level meaning that investment income is significantly below that of previous years and is likely to remain so for some time to come. The Councils record over the past couple of years whilst interest rates have been so low has been good with average yields being around 1.51%. It will be very unlikely that this average yield can be continued however, as banks access to cash though the Bank of England has reduced their desire to offer generous investment returns. The Council takes a managed view of the exposure to risk associated with obtaining this level of return and seeks to ensure that its investments are in line with the policies set out in the Treasury Management Strategy Statement.

3.2 Government Policies and Initiatives

3.2.1 Government Spending Review and Local Government Finance Settlement

Spending Review
The overall amount available for distribution to Local Government is determined by the Government's Spending Review, in which the Government decides how much it can afford to spend, reviews its expenditure priorities and sets targets for improvement.

For 2013/14 onwards reductions in Formula Grant have been included that see the grant received by the Council reduce. The Spending Review in June 2013 indicated that Local Government funding in 2015/16 would reduce by a further 10%. Any further reductions to the levels currently included in the MTFP will be additional pressures that will need to be funded by the Council. Further reductions in formula grant funding are anticipated in future years.

	RSG £000
2013/14	4,147
2014/15	3,120
2015/16	2,667
2016/17	2,539
2017/18	2,345

The current assumptions for population and Council Taxbase are set out below. (The Taxbase relates to the equivalent number of Band D properties in the area)

	2014/15	2015/16	2016/17	2017/18	2018/19
Taxbase - For Grant Settlement (From RSG Settlement)	34,957.00	34,957.00	34,957.00	34,957.00	34,957.00
Taxbase - Council Calculation for Tax Setting (0.279% growth)	30,894.00	30,980.20	31,066.63	31,153.31	31,240.23
Population - RSG Settlement*	108,144	108,144	108,144	108,144	108,144

* Population figures are shown based on those used for the RSG settlement. Population growth figures highlighted at paragraph 2.6.2 may adjust these estimates once new RSG settlements are announced.

The Council taxbase (equivalent number of Band D properties) for tax setting purposes is different from the taxbase used in the Grant settlement as it takes into account growth in taxbase during the year, reduced second homes discount and losses on collection (1.5%). If the actual growth in the taxbase, or council tax collected during the year, is higher or lower than predicted, the resulting effect on the Council Tax income is adjusted as part of the Council Tax surplus/deficit calculation undertaken annually on January 15th, and adjusted in the following year's Council Tax.

3.2.2 Council Tax

Council Tax for 2013/14 continued to be maintained at 2010/11 levels through assistance received from Government and use of Council resources.

The Council's policy on taxation levels is that these should be set wherever possible at fair and reasonable levels and that the Council Taxpayer should not automatically bear the largest burden for any additional spending that may be required by the authority. This policy was set following the extensive budget consultation exercise undertaken as part of the 2004/05 budget process.

The City Council has been successful in avoiding a Council tax increase for 2013/14. For planning purposes the figures included in the Medium term Financial Plan assumes an annual increase in Council Tax of 2.6% (or £4.99) in 2014/15 then 1.99% thereafter. This will however be subject to review during the annual budget process, and will be particularly dependent on annual Government funding levels and future spending pressures. A 1% change in the level of council tax will impact on the budget by £67,000. (i.e. £133,000 per annum based on 1.99% MTFP profile).

3.2.3 Local Government Finance

There have been significant changes in the allocation of Local Government funding for 2013/14 that could have significant implications in future years.

<u>Council Tax Benefits Localisation</u>
The localisation of Council Tax Benefit has seen reductions in the amounts awarded to individual authorities for the provision of Council Tax benefit to residents. The Council chose to absorb the reduction in funding as part of its 2013/14 budget process, however, any significant deviation in Council Tax Benefit claims from those initially estimated could increase the impact of this funding reduction on the Council

<u>Localisation of Business Rates</u>
The Council is now operating under the Localisation of Business Rates scheme whereby it has the opportunity to keep a proportion of growth in the Business Rate income generated in the area. The Government set a baseline figure as part of the 2013/14 formula funding settlement, and any growth over this level is shared 50/50 between central government and local government (City Council share is 40% and County Council share is 10%).

Opportunities therefore exist to increase the amount of funding the Council receives, but similarly any falls in Business Rates Income could pose funding problems although the system has floors in it to prevent significant losses in funding.

3.2.4 Specific Grants

Income from Specific Grants meets just over 50% of the Council's spending. The bulk of this is in respect of grants to meet rent allowances, which meets nearly 100% of the total cost of providing these benefits by the Council.

Maximising income from grants and external funding sources continues to be a key priority for the Council. The difficulty with some specific grants however is that they can be time-limited with the amount granted often difficult to predict and plan for. Often when grants are reduced, this results in either a bid for additional funding through the budget process to preserve services or the need for further savings being identified to cover the loss of grant.

For the purposes of the MTFP, where changes to grant regimes and external funding are known, these have been incorporated into the financial projections. The potential for further changes is recognised in the risk assessment attached to the Plan. Details on some of the major grant streams is shown below:

Welfare Bill including Housing Benefits

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 these benefits, with Council Tax benefit likely to be set under local parameters (as highlighted above) and housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2013 and 2017).

Housing Benefit Admin Grant is likely to reduce over the life of the MTFP and reductions were built into the budget process for 2013/14 to try and mitigate the effect of this, however, further reductions will occur with the downsizing of housing benefit administration.

3.2.5 Other Government Initiatives

Housing

Grants for specific Housing related services have reduced significantly. Support for Disabled Facilities Grants is included at £663,000 from Central Government for 2013/14 onwards. However, the spend on Disabled Facilities Grants exceeds this, and the Council approved an additional £200,000 per annum included funded by Council resources to support DFG's.

New Homes Bonus

The Government announced as part of its Comprehensive Spending Review in 2010 that there would be additional funding provided based on the level of anticipated New Homes to be built or existing homes brought back into use within a Local Authority Area. The amount would be based on the amount of additional Council Tax that would be generated from the New Homes and would be available for a period of 6 years. The Council received £243,000 in 2011/12, £408,000 in 2012/13 and a further £388,000 for 2013/14. The 2014/15 allocations will not be known until December 2013. However the DCLG has advised that the overall pot will be reduced by £400million from 2015/16.

Pension and National Insurance Changes

As part of the Governments 2013 Budget, an announcement regarding the scrapping of the lower National Insurance rate for employees and employers who have opted out of the State Second Pension Scheme (SERPS). This will result in additional employee and employer National Insurance contributions being required and this could cost the Council approximately £250,000.

There is also potential additional pension costs arising out of the Auto-Enrolment initiative, where all employees are automatically enrolled in the pension scheme, and have the option to opt-out. At this stage it is unknown what the impact of this will be and how many employees, who are currently not enrolled, will choose to opt out once they have been automatically enrolled.

The actuarial revaluation of the pension fund will be effective from 1 April 2014 with potential revenue pressures on the Council's budget; however the cost could be mitigated by changes to the recovery period.

3.4 Minimum Revenue Provision (MRP)

The MRP represents a provision that the Council must make to fund the repayment of external debt. As capital cash is utilised in providing the Councils capital programme the MRP is rising each year. This factor is also incorporated within the MTFP forecasts within overall Treasury Management costs. The Council will continually review its MRP Strategy and choose the option for charging MRP that is most beneficial at that particular time.

Any future capital projects will need to be evaluated for their effects on potential MRP charges either through the continued use of capital receipts or through prudential borrowing.

INTERNALLY DETERMINED FACTORS INFLUENCING THE MTFP (Subject to review July – Nov 2013)

4.1 Inflation

Taking into account current economic forecasts the Council has to make assumptions on the level of inflation to be included in the forward projections within the MTFP. The measure to be used for inflation in the MTFP is CPI (i.e. excluding housing costs) and this is currently running at 2.7%.

There is an inevitable degree of uncertainty surrounding inflation projections. However, for the five -year period under review, a CPI inflation rate of 2.8% has currently been assumed. It is anticipated that as part of the budget process that the level of inflation built into the Medium Term Financial Plan can be reviewed to see if inflation is required to be applied to all items of expenditure and whether different rates can be used for different items.

Individual spending heads have also had different inflation projections attached and these are detailed further below.

4.1.1 Pay Costs

In 2013/14, the Council is expecting to spend £18.1million on employee related costs and this represents approximately 60% of the cost of running the Council, excluding the cost of housing benefits.

Changes to pay costs will have the single biggest impact on the Council's budget. To offset the natural increases in pay costs, the Council has approved a policy to include a saving in its budget to reflect staff turnover.

The forecasts in the MTFP for pay costs have been calculated using the following assumptions: -

- A provision for basic pay increase of 1.5% p.a. (since reduced to 1%) for 2013/14 then 2.5% p.a. thereafter.
- The cost of increments is now considered to be minimal due to low staff turnover levels and the majority of staff having now progressed to the top of their grade.
- Staff turnover will remain at around 3% of gross salaries. The budget provision for 2013/14 has been set at £242,500.

4.1.2 General Inflation

The Council applies a policy of applying a general inflation increase to all running costs in its budget. The inflationary increase for the 5 years of the MTFP is based on the annual Consumer Price Index, which is currently running at 2.7% per annum (May 2013), although the current MTFP still assumes an inflation rate of 2.8%. An exercise is carried out as part of the budget cycle to examine the level of inflation that needs to be applied to different types of expenditure. Inflation forecasts are expected to be above 2% over the period of the MTFP. A 1% movement in the inflation rate would currently equate to £94,000 if applied to all general supplies and services expenditure

4.1.4 Investment Income

Treasury management is a field that has its own dynamics many of which, most obviously the level of short-term interest rates, are outside the control of local authorities. Projections of interest rates and investment income yields accruing to the City Council must always be viewed in this context.

When the budget for investment income in 2013/14 was set last autumn, it was based upon achieving an estimated average yield of 1.5% which reflected the benefit of investments placed in Government backed banks. Bank base rates continue to be held at 0.5% while actual money market yields from new investments are currently running at 0.8-1.1%. The latest forecasts of interest rate movements provided by our treasury management consultants, Sector, indicate base rates will remain at this level throughout most of 2013/14 and only starting to climb into 2015 although such a forecast must be viewed with caution. These movements will affect the interest returns earned by the Council quite significantly. As in previous years, these projections are subject to regular review and amendment in the light of money market conditions.

The achievement of levels of investment income is dependent not only on interest rates but also on the authority's anticipated pattern of cash flow. Taking account of both these factors, the estimated investment income built into the current MTFP, are as follows:

	Average Rate Expected	Current MTFP
2013/14	1.73%	473,091
2014/15	2.23%	823,021
2015/16	2.85%	1,085,870
2016/17	3.35%	971,118
2017/18	3.85%	1,103,607
2018/19	4.35%	1,259,975

The availability of investment interest rates over 1% for 12 month investments is now very much a rarity and this will have a significant impact upon the investment returns currently included in the MTFP and could lead to significant budgetary pressures. The interest assumed to be achieved above includes interest from the investment of £15million of capital receipts from the sale of assets not reinvested in new assets but invested in the money market instead.

These projections are reviewed on a quarterly basis in the context of both money market conditions and anticipated cash flow.

As well as interest rates, the biggest contributing factor to Treasury Management costs is MRP, and as capital balances are diminished, MRP will continue to rise, unless new capital receipts can be generated.

4.2 Spending Pressures and Savings

As part of its budget process, service departments are required to identify high priority spending pressures and identify savings to meet those pressures. These proposals are then subjected to a detailed appraisal process and those approved are included in the forthcoming year's budget.

Details of all spending pressures and savings affecting services in 203/14 are shown in detail in the budget resolution and are summarised below:

	2013/14 Original £000	2013/14 Revised £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring Spending Pressures	589	589	545	923	1,015	1,123	1,123
Recurring Spending Reductions	(1,501)	(1,501)	(855)	(1,368)	(1,336)	(1,340)	(1,340)
Non-Recurring Spending/(Saving)	**(912)**	**(912)**	**(310)**	**(445)**	**(321)**	**(217)**	**(217)**
Non-Recurring Pressures							
- Existing	766	0	0	0	0	0	0
- New	1,091	293	0	0	0	0	0
Carry Forward Requests	0	677	19	0	0	0	0
Use of Reserves	0	0	0	0	0	0	0
Non Recurring Reductions	(297)	(297)	(133)	0	0	0	0
Net Non-Recurring Spending/(Saving)	**1,560**	**673**	**(114)**	**0**	**0**	**0**	**0**

These proposals form the basis of the 5-year projections contained within the MTFP. As can be seen from the table above, the Council has been successful in identifying recurring savings to redirect to priority spending areas.

4.3 Asset Management

The Council is required to draw up an Asset Management Plan (AMP) to ensure that the Council's property is maintained in a good condition, is suitable for purpose and that sufficient resources are available to meet maintenance costs. The AMP recognised a maintenance backlog of some £5.2 million. The level of repairs and maintenance in the Council's budget is subject to an annual repair and maintenance programme with bids for structural maintenance and disabled adaptations included within the capital programme.

4.4 Income

The City Council's revenue budget is heavily dependent on the income it generates, with 20% of the gross budget coming from this source. The main areas are:

4.4.1 Fees and Charges for Services

Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix D** 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. In the past the income target has been set at 1% above the inflation rate, however the revised guidance strengthens the recognition that there will be different priority objectives for each income area and that for some areas maximising income may not be the key priority. Each charges review undertaken as part of the budget process must clearly set out the overall policy objective. In the past two years, increases in charges have not always resulted in expected income yields and projections are monitored carefully. Nevertheless the current MTFP assumes an overall increase in income from fees and charges of 3.8% p.a.

4.4.2 Significant Income Streams – further actions will need to be taken to account for the areas where income continues to be generated at less than the budget. The 2013/14 Charges Review will further consider this issue.

	2010/11 Actual £	2011/12 Actual £	2012/13 Actual £	2013/14 Budget £
Cemeteries & Crematorium	1,043,516	1,067,541	1,145,021	1,125,100
Development Control	491,230	414,707	589,762	545,800
Building Control	369,631	259,469	278,615	331,800
Land Charges	159,531	153,730	156,025	165,700
Parking	1,265,708	1,236,682	1,107,563	1,299,200
Total	**3,329,616**	**3,132,129**	**3,462,100**	**3,467,600**

The income from **Parking** has been declining steadily over the past few years, and steps were taken to reduce the income targets.

4.4.3 Property Rentals

Income received from property rentals is in the region of £5 million per annum. The Council has established an Asset Disposal Reserve for its property portfolio to ensure that the quality of its industrial estates and other commercial properties is maintained, thereby preserving the level of income generated by these assets.

The forecast yield from property rentals over the period 2013/14 to 2017/18 and included in the MTFP is shown in the following table: -

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
The Lanes (See Paragraph below)	1,383	1,522	1,660	1,660	1,660
The Market	132	132	132	132	132
Industrial Estates (+2% p.a)	2,723	2,778	2,833	2,890	2,948
Miscellaneous Properties (+2% p.a.)	368	376	383	391	399
Total	**4,607**	**4,807**	**5,009**	**5,073**	**5,139**

The Council has an agreement with the managing agents of the Lanes development whereby the Council receives a proportion of the total rental income. The budgeted income is included in the MTFP at £1.383m. Receiving Equity rental now means that the rental income received is subject to fluctuations in the performance of the Lanes and in periods where there are a lot of voids, income may be lower than that forecast. The situation is monitored via Management Reports received from the Managing Agent. The budget was reduced for 2012/13 as the income had fallen from previous levels due to discounts being granted to fill vacant units. The MTFP assumes that this will only be short term and that income will return to normal levels after 2014/15. If this is not the case then there will be additional pressures required on the MTFP.

The Asset Management Plan provides advice on how the Council can use its land and property portfolio to ensure that it achieves best value and delivers cost-effective services.

4.4.4 Council Tax Income

Based on the Council Tax base projected for 2013/14 and an assumed annual growth of approximately 0.279% in the base over the next five years, a 0% increase in 2013/14 and 2.6% increase in 2014/15 and 1.99% thereafter in Council Tax per annum will provide additional resources over the period 2013/14 – 2018/19 as follows: -

Year	Council Tax Band D £	Tax Base Projections	Yield £	Annual Increase £
2013/14	193.43	30,808.05	5,959,201	
2014/15	198.42	30,894.00	6,129,987	170,786
2015/16	202.39	30,980.20	6,270,083	140,095
2016/17	206.44	31,066.63	6,413,395	143,312
2017/18	210.56	31,153.31	6,559,641	146,246
2018/19	217.93	31,240.23	6,808,183	248,542

4.5 The Capital Programme

The revenue implications of capital spending are identified in the project appraisal process to ensure that the full cost of any proposals for capital investment can be included in both the revenue and capital budgets of the Council. The budget projections therefore include an assessment of the revenue costs of existing capital projects.

The level of resources used to finance the capital programme, either from capital receipts, reserves or grants, has a direct bearing on the revenue budget as it reduces the amount of money the Council has to invest, thereby reducing its investment interest. The assumption made here is that the effect of the capital programme on investment levels will be broadly neutral, effectively meaning that the Council will only spend the capital resources it receives in any one year.

4.5.1 Prudential Borrowing

Nearly all formal controls on borrowing by local authorities have been relaxed since the introduction of the Prudential Code in April 2004. Furthermore, in 2013/14 the City Council received a capital grant of approximately £0.66m towards its capital programme. This system of providing support via a capital grant is expected to continue in the period covered by the MTFP.

Given the level of other resources available to the Council, particularly the balance of unapplied capital receipts, to fund the present programme, it has been assumed that there could be a potential shortfall in resources that would lead to a borrowing requirement in funding the Council's capital expenditure in the next five years. Any prudential (or unsupported) borrowing should be supported by a robust business case but for the time being other sources of capital finance are considered to be more economic and therefore more 'prudent'.

4.6 Reserves

It is the responsibility of the Director of Resources to advise the Council on policies and protocols in respect of the use and level of reserves that it should hold. This information is required to ensure that members are kept fully informed of the effects of their decisions on the reserves held by the Council. A revised set of policy guidelines and associated protocols is attached at **Appendix E.** One new reserve was approved to be established as at 31 March 2013 for Welfare Reform.

Minimum levels of reserves were reviewed as part of the 2013/14 budget process and the risk assessment identified that minimum levels could be maintained at £2.6million

The Council balances are set out in **Appendix F**. In order to maintain the financial stability of the Council, the fundamental principle on the use of Reserves and Balances is that they should not normally be used to fund recurring expenditure. Where they are, however, the usage should be explicitly stated, and steps taken to address the situation in following years.

BUDGET PROCESS

5.1 Budget Process

The Revenue Budget Process is the main mechanism in place for forecasting spending requirements and resources over a 5-year planning period.

The budget is drawn together from:
- a base budget requirement, which determines the cost of providing existing services,
- bids for additional resources, which are required to meet identified spending pressures that meet Council priorities,
- forecasts of income from fees and charges, linked to the Corporate Charging Policy,
- forecasts of grant income,
- to arrive at a level of Council Tax to be charged to residents.

This well-established mechanism results in the approval of the annual budget in February.

Within the process, there are a series of key tasks that must be carried out, as follows: -

(a) The base budget must be established, taking account of factors such as
  - inflationary increases in pay and operating costs,
  - shortfalls or reductions in budgeted income levels,
  - the level of external funding through grants or contributions from the government or other bodies.

(b) Bids for additional resources must be submitted by November each year and be accompanied by a full financial appraisal setting out the business case for the additional resources requested. The financial appraisal is a key document as it will provide information on: -
  - the Council priorities requiring the resources,
  - the consequences of not providing the resources,
  - options considered to meet the pressure from within existing resources before arriving at the decision to bid for additional resources,
  - the full cost of the bid over at least a five-year period to reflect any potential growth or reduction in costs over the period,
  - any income that could be potentially generated to offset the cost of the bid,

  Members will decide which bids will be supported following the outcome of the financial appraisal.

(c) The revenue effects of any capital investment proposals must be identified and incorporated into the revenue budget.

(d) Savings and efficiency proposals, which again must be accompanied by a full financial appraisal, must be submitted by November each year. Members will decide on the proposals to be taken forward following the outcome of the financial appraisal.

(e) Changes to Council priorities which require the redistribution of resources must be identified,

(f) The level of support provided by the Government through the Revenue Support Grant needs to be incorporated into the MTFP.

The potential financial impact of the new budget discipline is not currently wholly reflected in the MTFP, as in some cases it represents the first stage in assessing the options available to the Council to bridge the likely budget deficit over the next five years.

5.2 Consultation

The Executive approves its draft budget proposals in December each year. There then follows a formal consultation period (usually 4 weeks) when any interested person can submit their views on the proposals to the Council. This can be done by post, telephone or on-line through the Council's web-site.

In addition, formal consultation meetings are held with:

- The Large Employers Affinity Group (to include any Non Domestic Ratepayers)
- Trades Unions

The Council's Resources Overview and Scrutiny Panel also have a role in scrutinising the budget proposals.

The Executive considers feed back from the consultation process, before making its final recommendations to Council in February each year.

The Council has a Consultation Policy and is a member of Community Voice, a Cumbria wide collaboration of District Councils, Cumbria County Council, the police and PCT that consults local people regularly on their views with the intention of improving services. The results of the consultations inform policy development and feed into the Carlisle Plan, MTFP and other individual service plans.

5.3 Value for Money

The Council is committed to a continuous programme of service improvement. The new budget discipline being developed will challenge how services are delivered across the Council to improve efficiency and deliver improved value for money. The Council has adopted a series of mechanisms to assess how it is performing in this area and these are being developed to include:

- Improved financial and service planning over both the short and long term,
- Involving and consulting customers about the way services are provided to see if they meet customer aspirations,
- Supply and demand analysis,
- Customer satisfaction surveys, focus groups and user groups,
- Performance management, benchmarking and the adoption of best practice in service delivery,
- Service reviews, including developing efficiency targets,
- Financial appraisal of projects taking account of quality, price and lifetime costs,
- Improved budgetary control mechanisms,
- Full risk assessments of proposals to change service provision,
- Attracting as much external investment as possible so the Council's resources go further,
- Member involvement through the Audit Committee and Overview and Scrutiny Panels,
- The adoption of shared services, where this is proven to benefit the Council both financially and in the quality of service delivery.

RISK ASSESSMENT

There are a number of inherent risks in the strategy as proposed and these are identified in **Appendix G**. It is the responsibility of the Director of Resources in conjunction with other Directors to ensure that these risks are properly managed and risk mitigation measures taken where necessary.

Individual responsibilities are set out in the Financial Procedure Rules.

SUMMARY

The purpose of the MTFP is to provide members with forecasts of the likely financial position of the Council over the next five years to enable informed decisions on actions needed to achieve financial stability within agreed Council policies.

The MTFP presents a snapshot of the current financial position and will inevitably change over time. This will be monitored and reported throughout the year. The ultimate aim of the MTFP is to help members to make more informed financial decisions and therefore contribute to an improvement in its use of resources.

APPENDIX A

Carlisle City Council – Current Financial Projections for the period to 2018/19

2013/14 Budget £000	Summary Net Budget Requirement	2014/15 Proj'd £000	2015/16 Proj'd £000	2016/17 Proj'd £000	2017/18 Proj'd £000	2018/19 Proj'd £000
	Projected Resources					
(5,959)	Council Tax Income	(6,130)	(6,270)	(6,413)	(6,560)	(6,808)
(4,147)	Revenue Support Grant	(3,120)	(2,667)	(2,539)	(2,444)	(2,345)
(2,913)	Redistributed NNDR	(3,003)	(3,093)	(3,186)	(3,281)	(3,380)
(35)	Estimated Council Tax Surplus	(35)	(35)	(35)	(35)	(35)
(399)	Parish precepts	(410)	(422)	(434)	(446)	(458)
(13,453)		**(12,698)**	**(12,487)**	**(12,607)**	**(12,766)**	**(13,026)**
	Recurring Revenue Expenditure					
12,107	Existing Expenditure	11,942	11,588	12,487	13,323	14,182
589	New Spending Pressures	545	923	1,015	1,123	1,123
(1,501)	Budget Reductions	(855)	(1,368)	(1,336)	(1,340)	(1,340)
11,195	**Total Recurring Expenditure**	**11,632**	**11,143**	**12,166**	**13,106**	**13,965**
	Non Recurring Revenue Expenditure					
766	Existing Commitments	0	0	0	0	0
1,091	Spending Pressures	293	0	0	0	0
(297)	Budget Reductions	(133)	0	0	0	0
0	Use of Earmarked Reserves	0	0	0	0	0
677	Carry Forward	19	0	0	0	0
13,432	**Current Revenue Expenditure**	**11,811**	**11,143**	**12,166**	**13,106**	**13,965**
452	**Parish Precepts**	464	476	488	500	511
13,884	**Total Revenue Expenditure**	**12,275**	**11,619**	**12,654**	**13,606**	**14,476**
(431)	**Contribution to/(from) Reserves**	423	868	(47)	(840)	(1,451)
13,453	**Net Budget for Council Tax Purposes**	**12,698**	**12,487**	**12,607**	**12,766**	**13,025**

APPENDIX B

Current Financing the Revenue Budget

Indicative forecasts of how the Council's projected gross budget will be financed for the period 2013/14 to 2018/19 are as follows: -

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Council Tax (incl. Parishes)	6,358	10.61	6,540	10.95	6,692	11.05	6,847	10.85	7,006	10.68	7,265	10.68
Formula Grant	7,060	11.78	6,123	10.25	5,760	9.51	5,725	9.08	5,725	8.73	5,725	8.41
Collection Fund Surplus	35	0.06	35	0.06	35	0.06	35	0.06	35	0.05	35	0.05
Net Budget for Council Tax Purposes	**13,453**	**22.44**	**12,698**	**21.25**	**12,487**	**20.62**	**12,607**	**19.99**	**12,766**	**19.47**	**13,025**	**19.14**
Grants and Contributions (assumed a 2.8% increase per annum)	34,117	56.91	35,072	58.70	36,054	59.55	37,064	58.76	38,102	58.10	39,168	57.57
Other Income (assumed a 3.8% increase per annum)	11,948	19.93	12,402	20.76	12,873	21.26	13,362	21.18	13,870	21.15	14,397	21.16
Reserves and Balances	431	0.72	(423)	(0.71)	(868)	(1.43)	47	0.07	840	1.28	1,451	2.13
Total Gross Budget	**59,949**	**100.00**	**59,749**	**100.00**	**60,547**	**100.00**	**63,080**	**100.00**	**65,578**	**100.00**	**68,042**	**100.00**

The use of Reserves and Balances varies from the Budget Resolution approved by Council in February 2013 as a result of the 2012/13 outturn position and the carry forward of £677,000 into 2013/14, and £19,000 to 2014/15

APPENDIX C

Subjective Analysis of the Forecast Gross Budget

The detailed subjective figures from 2013/14 will become available as part of the budget process.

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Employees	18,145	30.27										
Premises	3,414	5.69										
Transport	1,367	2.28										
Supplies & Services	4,576	7.63										
Third Party Payments	3,924	6.55										
Transfer Payments	27,807	46.38										
Support Services (Net)	(2,772)	(4.62)										
Capital Financing	2,359	3.94										
Precepts	452	0.75										
Supplementary Estimates	0	0.00										
Carry Forward Requests	677	1.13										
Total Gross Budget	**59,949**	**100**	**68,561**	**0**	**69,294**	**0**	**70,675**	**0**	**73,362**	**0**	**76,042**	**0**

APPENDIX D

CORPORATE CHARGING POLICY 2013

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?

APPENDIX E

Council Policy on the Level and Use of Reserves

1. General

1.1. Reserves generally will not be used to fund recurring items of expenditure, but where it does steps will be taken to address the situation.

1.2 Reserves will not become overcommitted.

1.3 The Council benefits from its level of reserves as it is able to: -

- Meet its capital programme obligations, without recourse to borrowing,
- 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.
- Benefit from 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.

2. The General Fund Reserve

2.1 The balance on the General Fund shall broadly equal £2.6m. 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 was carried out for the 2013/14 budget process and this is attached overleaf.

2.2 If the balance in the short-term falls below £2.6million, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.

2.3 If the balance in the short-term exceeds £2.6million then the surplus will be transferred to the Council's Project Reserve.

3. Earmarked Reserves

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

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.

4 Provisions

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 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.

6 The Responsibilities of the Director of Resources

5.1 The Director of Resources will review each reserve and its protocol annually and produce a report for the Executive as part of the annual accounts 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.

5.2 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.

RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	118	59	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	214	107	Estimate of 5% Charges Income forecasts for 2013/14
Underachievement of Investment Income	4	50%	250	125	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	170	128	Bellwin scheme cuts in at 0.2% of Net Budget (£28,800) and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	25%	25	6	Based on 5% of insurance premia payments
Fall in Rental Income from Property	6	75%	225	169	5% of Rental Income (assumed at £4.5m for 2013/14)
Transformation not met	1	25%	1,354	339	
Changes to existing government funding regimes	6	75%	218	164	Safety Net Threshold for Business Rates Retention Scheme
Additional Redundancy Costs	4	50%	200	100	Not met from Transformation Reserve
Dependence on reserves and general balances	3	50%	718	359	General Fund Reserve Balance - Audit Commission Guidance states prudent level is 5% of Net Revenue Expenditure
Emergency Contingency		100%	1,000	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS			**4,492**	**2,555**	
Maximum Risk Based Reserve Balances				**4,492**	
Minimum Risk Based Reserve Balances				**1,123**	
Current Level of Reserves (Projected as at 31/03/13) (General Fund)				**2,542**	
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based				**-13**	

PROTOCOLS FOR THE USE OF COUNCIL RESERVES

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Capital Reserves	£000		
Usable Capital Receipts	6,679	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	785	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 Director of Community Engagement 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.
Lanes Capital Reserve	354	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.

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Revenue Reserves	£000		
General Fund Reserve	2,542	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: - – 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	0	The balance at 31st March 2012 shall be earmarked to support potential revenue budget shortfalls identified by the 2012/13 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	Management of the reserve rests with the Director of Resources. Funding for the Reserve will be provided by windfall gains over and above those 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.
Collection Fund (Carlisle Share)	65	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.

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Revenue Reserves (contd.)	£'000		
Residents Parking Reserve	0	To provide funds for small projects consistent with the Local Transport Plan.	Management of the reserve rests with the Director of Local Environment but can only be used with the agreement of Cumbria County Council. Use of the reserve should be accompanied by a report to Council providing details of the projects supported by the Reserve. Funding is provided from the balance generated by the Residents Parking Initiative and must be reported to Cumbria County Council annually.
Building Control Reserve	(17)	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 process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	116	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.
LSVT Warranties	488	To provide funds to meet claims arising in years 13 –25 following transfer of the housing stock in 2002 under environmental warranties given at the time of the transfer, when insurance has expired	Management of the reserve rests with the Director of Resources. The reserve is only able to be used to meet defined costs and is not available for general use by the Council. Approval to release funds from the reserve can only be given by the Council.
Licensing Reserve	14	This is a ringfenced surplus carried forward to fund future year's expenditure.	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.
Transformation Reserve	495	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	56	To hold the residual funds of the service	Management of the reserve rests with the Director of

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
		pending future decisions with regard to the service	Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	143	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 Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.

APPENDIX F

City Council Reserves Projections

Members should note that these financial projections now reflect the 2012/13 outturn position.

Analysis of Council Reserves	Outturn 31 March 2013 £000	Projected 31 March 2014 £000	Projected 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000
Revenue Reserves							
General Fund Reserve	(2,542)	(2,111)	(2,534)	(2,600)	(2,600)	(2,515)	(1,064)
Projects Reserve	0	0	0	(802)	(755)	0	0
LSVT Warranties Reserve	(488)	(488)	(488)	(488)	(488)	(488)	(488)
Conservation Reserve	(116)	(116)	(116)	(116)	(116)	(116)	(116)
Sheepmount Reserve	0						
Collection Fund (Carlisle Share c	(65)						
Residents Parking Reserve	0						
Transformation Reserve	(495)						
EEAC Reserve	(56)	(16)					
Building Control Reserve	17						
JE Reserve	0						
Cremator Reserve	(143)						
Welfare Reform Reserve	(200)						
Licensing Reserve	(14)						
Total Revenue Reserves	**(4,102)**	**(2,731)**	**(3,138)**	**(4,006)**	**(3,959)**	**(3,119)**	**(1,668)**
Capital Reserves							
Usable Capital Receipts	(6,679)	(3,339)	(2,541)	(162)	(162)	(162)	(162)
Set Aside Capital receipts	0	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Unapplied capital grant	0	0	0	0	0	0	0
Asset Disposal Reserve	(785)	(360)	(360)	(360)	(360)	(360)	(360)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(354)	(369)	(384)	(399)	(414)	(429)	(444)
Total Capital Reserves	**(8,340)**	**(19,590)**	**(18,807)**	**(16,443)**	**(16,458)**	**(16,473)**	**(16,488)**
Total Usable Reserves	**(12,442)**	**(22,321)**	**(21,945)**	**(20,449)**	**(20,417)**	**(19,592)**	**(18,156)**
Other Technical Reserves*	**(103,381)**						
Total All Reserves	**(115,823)**						

* Other Reserves are of a technical nature and are not cash backed. They are not therefore available either to fund expenditure or to meet future commitments.

APPENDIX G

RISK ASSESSMENT

Risk	Likelihood	Impact	Mitigation
The assumptions contributing to the Financial Plan prove to be incorrect.	Remote	Marginal	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Spending exceeds budget or assumed income levels not achieved	Reasonably probable	High	Regular budgetary monitoring reports. Updates to medium term financial strategy.
Unforeseen spending	Remote	Marginal	Budget Monitoring. Adequate contingency reserve. Updates to medium term financial strategy.
New Schemes / Initiatives (including VAT)	Reasonably Probable	Marginal	Review priorities. Assess effects on budget. Updates to medium term financial strategy.
Dependence on reserves and general balances	Reasonably Probable	High	Compliance with CIPFA / Audit Commission recommendations on level of balances and reserves.
Transformation Savings not achieved	Remote	High	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Changes to existing Government funding regimes e.g. RSG, Housing Benefits	Probable	High	Review service priorities, assess other funding opportunities, update medium term financial strategy.

Report to Executive

Agenda Item:	A.2

Meeting Date:	2 September 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD10/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	DRAFT CAPITAL STRATEGY 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD37/13

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 2014/15 to 2018/19. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, the Resources Overview and Scrutiny Panel considered the draft on 29 August, with final recommendations to Council on 10 September 2013.

Recommendations:

The Executive is asked to:

(i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 29 August prior to making final recommendations to Council on 10 September 2013.

Tracking

Executive:	**5 August 2013**
Overview and Scrutiny:	**29 August 2013**
Executive	**2 September 2013**
Council:	**10 September 2013**

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 5 February 2013. This position has been updated to reflect any known changes since that date.

2. CONSULTATION

2.1 The draft Capital Strategy has been considered by the Senior Management Team and the Joint Management Team.

2.2 The Resources Overview and Scrutiny Panel considered the report on 29 August and recommendations made to full Council on 10 September.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

(i) Consider the comments made by the Resources Overview and Scrutiny Panel on the 29 August prior to making final recommendations to Council on 10 September 2013.

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 attached to report: **Appendix 1 – Capital Strategy 2013/14 to 2018/19**

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 -

Community Engagement –

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

CARLISLE CITY COUNCIL

CAPITAL STRATEGY
2014/15 TO 2018/19

July 2013

CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2014/15 to 2018/19

1. Policy and Context

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.

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. Overall Strategy Guidelines

The strategy has been developed using the following overarching guidelines: -

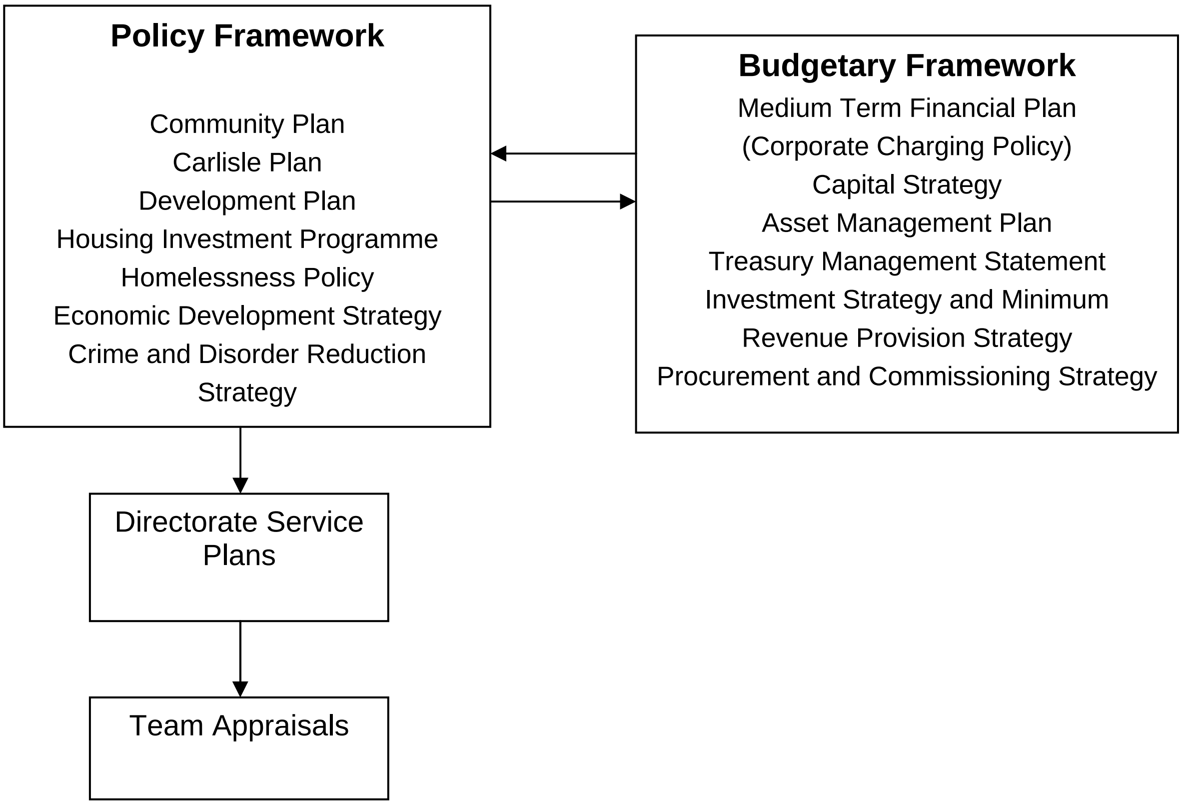
- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including Preserved Right to Buy (PRTB) receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- 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.

3. The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

The MTFP 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 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, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Capital Programme Forecasts

4.1 Current Forecasts

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2013/14 to 2017/18. These are summarised in the Council Budget Resolution approved on 5 February 2013.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £9.280m for 2013/14 and £4.641m for 2014/15. The impact of the 2012/13 outturn and the carrying forward of budgets into 2013/14 and other adjustments has reduced the programme to £4.655m in 2013/14.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

Table 1 – Current Proposed Programme

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Current Proposed Programme	4,655	4,457	8,564	1,363	1,163	1,163

The proposed capital programme includes the revised scheme which is being developed for the Arts Centre which requires approval by Council to increase the capital programme by £478,500 and reprofile the expenditure to £50,000 in 2013/14 and £1,014,500 in 2014/15.

4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£2m p.a. for years 2016/17 to 2018/19. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections.

(i) Asset Review Programme – The capital programme currently does not include any capital purchases from the receipts generated by asset sales as it is difficult to predict when asset purchases will be made and are dependent upon market conditions. It is planned that £12.076million is available for reinvestment in asset purchases over the next 3 years that will generate a revenue return for the Council.

(ii) Vehicle Replacement Programme - The current capital programme includes a minimal budget for vehicle replacements (recurring £200,000 per annum). The refuse fleet and other street cleansing vehicles are due for replacement from 2015 and options need to be considered as to how these will be funded and whether existing vehicles can be replaced later. Given current capital resources it will be unlikely they will be able to be bought from existing capital receipts, so other options such as borrowing and leasing will have to be considered should the vehicles still need replacing.

(iii) Disabled Facilities Grants – There is a significant pressure on the capital programme from the demand for Disabled Facilities Grants into the future. Government support allocates the Council £663,000 in 2013/14 and an additional contribution from the Council of £200,000 was agreed as part of the 2013/14 budget process.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

5. Capital Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a number 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.

Table 2 – Estimated Capital Resources (Based on current programme)

Resources Available	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Capital Grants	(1,414)	(663)	(663)	(663)	(663)	(663)
Capital Receipts (General & Preserved Right to Buy)	(810)	(410)	(410)	(410)	(410)	(260)
Capital Receipts (Asset Business Plan)	(21,218)	(3,255)	(1,340)	0	0	0
Total Capital Resources	**(23,442)**	**(4,328)**	**(2,413)**	**(1,073)**	**(1,073)**	**(923)**
Borrowing Requirement (Revised)	(98)	(317)	(6,939)	(273)	(73)	(237)
Direct Revenue Financing	(165)	(52)	(52)	(17)	(17)	(3)
Total	**(23,705)**	**(4,697)**	**(9,404)**	**(1,363)**	**(1,163)**	**(1,163)**

* see note at paragraph (ii)

The current assumptions included in this strategy for each of the available financing sources are as follows:

(i) Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget.

(ii) Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £0.40million p.a. for the period under review. However, for 2013/14 there are specific additional items that increase this figure to £0.81million. These figures comprise: -

- £150,000 to be received from PRTB sales under the sharing agreement with Riverside in 2013/14. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account. For information £266,000 was received in 2012/13).
- £10,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years.
- An assumption that the Council will generate £250,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process).
- £400,000 from the sale of London Road Hostel once the new Womens and Families Hostel is completed (although this is likely to now be around £250,000)

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy. 'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Asset Business Plan assumes that a further £26.8million of capital receipts will be generated from 2013/14. This has now been reduced down to £25.8million on the expectation of lower values being received for some assets. The £1million reduction will require the capital programme/asset management business case purchases to be reviewed from 1 April 2014. The expectation is that £15million will be set aside to enable the future repayment of debt and the balance being available for reinvestment into new assets that will generate a revenue return.

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts.
As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2013. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year. The Council continues to use this strategy of setting aside any surplus receipts each year in order to minimise its MRP requirement. The cash from these receipts is still available to support capital expenditure.

(iii) Reserves and Balances

The Council currently maintains a reserve to support capital spending - the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- Asset Investment Reserve

  The Asset Investment Reserve currently stands at £0.4m, the use of which is subject to Council approval. Part of the Reserve has been set aside to purchase strategic properties and is includes in the Asset Review Business Plan. The reserve also includes £1m built up from contributions from the Industrial Estates capital programme. The capital programme agreed by Council in February 2013 agreed the use of part of this £1m to fund improvements to Industrial Estates.

(iv) Government and Other Capital Grants and External Funding

The Government announced changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Although these announcements have yet to impact on the Council's funding (?), further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme. From 2013/14, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

(v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2013/14 – 2018/19 to provide resources for capital spending. Where there have been specific 'invest-to-save' projects that have utilised capital resources, these are being 'repaid' to capital through the revenue savings that have been generated. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

6. Summary Capital Spending and Financing

As set out in the Table below, there is currently approximately £7.4m uncommitted estimated capital resources available to support any future capital programme as at the end of 2018/19.

Table 3 – Summary Programme

Summary Programme	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Estimates Resources 31 March 2013	(7,468)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(23,705)	(4,697)	(9,404)	(1,363)	(1,163)	(1,163)
Current Proposed Programme (Table 1)	4,655	4,457	8,564	1,363	1,163	1,163
In year projected (surplus)/Deficit in Resources	**(19,050)**	**(240)**	**(840)**	**0**	**0**	**0**
Total	**(26,518)**	**(26,758)**	**(27,598)**	**(27,598)**	**(27,598)**	**(27,598)**
Proposed Asset Review Purchases	**7,819**	**1,038**	**3,219**	**0**	**0**	**0**
Capital Receipts Set aside	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**
Net Year end position	**(3,699)**	**(2,901)**	**(522)**	**(522)**	**(522)**	**(522)**

7. Council Budget Process

7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.

7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Corporate Programme Board (CPB) undertakes this to determine: -

- Whether the project meets corporate and service priorities,
- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

8. Evaluation and Monitoring of Capital Projects

8.1 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.

8.2 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.

9. Risk Assessment

Although the Council has adequate resources to pay for its existing capital programme in the foreseeable future, the past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council's capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

10. Summary

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

APPENDIX A

Current Capital Programme

Capital Schemes	2013/14 £000	Projected 2014/15 £000	Projected 2015/16 £000	Projected 2016/17 £000	Projected 2017/18 £000	Projected 2018/19 £000
Disabled Facilities Grants	863	863	863	863	663	663
Planned Enhancements to Council Propert	300	300	300	300	300	300
Vehicles & Plant	570	279	1,901	200	200	200
ICT Shared Service	225	0	0	0	0	0
Asset Business Plan	0	0	0	0	0	0
Public Realm S. 106 works	370	0	0	0	0	0
Clean Up Carlisle	20	0	0	0	0	0
Arts Centre	50	1,015	0	0	0	0
Public Realm Work	100	0	0	0	0	0
Harraby School Community Campus Contr	600	500	500	0	0	0
Old Town Hall / Greenmarket	0	1,500	0	0	0	0
Leisure Facilities	0	0	5,000	0	0	0
Paternoster Row	100	0	0	0	0	0
Customer Contact Centre	25	0	0	0	0	0
Employee Payment System	70	0	0	0	0	0
Castle Way Cycle Ramp	347	0	0	0	0	0
Document Image Processing	14	0	0	0	0	0
PCIDSS	31	0	0	0	0	0
Families Accommodation	609	0	0	0	0	0
Old Town Hall	298	0	0	0	0	0
Kingstown Industrial Estate	33	0	0	0	0	0
Connect 2 Cycleway	12	0	0	0	0	0
Trinuty MUGA	2	0	0	0	0	0
Play Area Improvements	6	0	0	0	0	0
Castle Street Public Realm	10	0	0	0	0	0
Total Capital Programme	**4,655**	**4,457**	**8,564**	**1,363**	**1,163**	**1,163**
Proposed Asset Review Purchases	**7,819**	**1,038**	**3,219**	**0**	**0**	**0**
Total Potential Capital Programme	**12,474**	**5,495**	**11,783**	**1,363**	**1,163**	**1,163**

Sustainable Communities

In February 2003 the ODPM produced a document called ‘Sustainable Communities: building for the future’ which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A ‘sense of place’;
12. The right links with the wider regional, national and international community.

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. NWDA 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 Executive	Agenda Item: A.3

Meeting Date: 2nd September 2013
Portfolio: Finance, Governance and Resources
Key Decision: YES
Within Policy and Budget Framework: YES
Public / Private: Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2013 - 2018**
Report of: **Director of Resources**
Report Number: **RD 40/13**

Purpose / Summary:

Summary:

The attached Report (RD39/13) and Draft Asset Management Plan was referred to Resources Overview and Scrutiny Panel on 29 August 2013. The minutes from the Panel's meeting are considered elsewhere on the Agenda.

Recommendations:

It is recommended that:-

The Executive consider the comments from the Resources Overview and Scrutiny Panel, and refer the Asset Management Plan to Full Council for adoption.

Tracking

Overview and Scrutiny:	**29 August 2013**
Executive:	**2 September 2013**
Council:	**10 September 2013**

Note: In compliance with Section 100 of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: RD31/13; RD39/13

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# Resources Overview and Scrutiny Panel	Agenda Item:

Meeting Date:	29 August 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref: KD.012/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	**DRAFT ASSET MANAGEMENT PLAN**
Report of:	**DIRECTOR OF RESOURCES**
Report Number:	**RD 39/13**

Purpose / Summary:

The attached Executive Report (RD 31/13) sets out this year's revisions to the Asset Management Plan which has been 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 also reports on the current position and performance of the portfolio, and the Asset Disposal Programme.

Recommendations:

The Panel note the Report and Draft Plan, make comments and provide feedback to the Executive in order to inform the way forward for the Council

Tracking

Executive:	**2 September 2013**
Overview and Scrutiny:	**N/A**
Council:	**10 September 2013**

Note: In compliance with Section 100 of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: RD31/13; RD39/13

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Report to Executive	Agenda Item:

Meeting Date:	5th August 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	YES: Recorded in the Notice Ref: KD. 012/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	**DRAFT ASSET MANAGEMENT PLAN 2013 TO 2018**
Report of:	**Director of Resources**
Report Number:	**RD 31/13**

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:	**5 August 2013**
Overview and Scrutiny:	**29 August 2013**
Executive:	**2 September 2013**
Council:	**10 September 2013**

Note: In compliance with Section 100 of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: RD31/13; RD39/13

1. BACKGROUND

1.1. The Council's land holdings are one of the essential resources used to carry out our day to day business, generate income to support services, and deliver 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 also gives guidance on the overall performance of the asset base, what it is costing and producing, how it is being used, maintained 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.

1.4. The AMP is reviewed annually and updated, along with the MTFP and CS, and aims to set out:-

- The Council's aims and objectives for the use and management of its property, in order to further the delivery of corporate plans and priorities.
- The organisational framework within the Council which provides the strategic, operational and investment advice needed to run the Portfolio.
- The principles, policy and strategy for holding operational and non-operational property, releasing and disposing of surplus assets, and making investment in new acquisitions.
- The makeup of the Council's asset base, its financial worth and revenue returns, operational performance, condition and maintenance position.
- The Governmental position and economic climate within which the Portfolio operates and the constraints and influences which bear on the way property is held and managed.
- How the Council challenges and reviews the Portfolio in order to better use and manage its assets to deliver public services.

1.5. Recognising the need to more effectively manage and utilise its property assets the Council has considered various options to improve the running of the Portfolio in order to better meet the operational, investment and economic

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development goals of the Authority. This re-assessment resulted in the Asset Review Business Plan, approved by Council in January 2011, which reclassified the Portfolio into three distinct categories, (Operational, Investment and Economic Development portfolios), each with a clear focus and differing business objectives.

Along with the redefining of the Portfolio, the Business Plan proposed that staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset.

1.6. As part of the Asset Review there has been an appraisal of the non-operational properties that the Council own, to determine if they are fit for purpose and meet the Council's overall investment objectives. This identified a requirement to rationalise and consolidate these assets and a programme of disposals is in hand, over a four year period, to re-engineer the investment portfolio. This will release latent value and generate capital receipts which will be reinvested in new assets or other funding opportunities in order to yield a better revenue return for the Council. The Disposal Programme is into its third year and the Management Plan reports and updates on the position and the delivery performance.

1.7. The Council has also been looking at its operational assets, in conjunction with the business changes which have come about through the Transformation process. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income from this part of the portfolio. The AMP reports on progress and the position with this and identifies future areas for review.

2. PROPOSALS

2.1. The AMP has been revised this year to reflect changes covering:-

- The Asset Review Business Plan & Disposal Programme – progress on the implementation of the Plan, 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 values and rental levels.

Note: In compliance with Section 100 of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: RD31/13; RD39/13

- Performance of the assets – an update to the National and Local Performance Indicators used to gauge how the Portfolio is doing.
- Condition of the Portfolio – the standard of our properties, current maintenance backlog and where this sits, its 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 used for back office or front line service delivery.
- Capital Schemes and Maintenance Budget – where the expenditure is going to sustain, maintain and improve the Portfolio.
- Market conditions and the economy – how this will impact on the Portfolio and the delivery of the Disposal Plan.
- Property acquisitions – what has been done to implement the Business Plan proposal and requirement to reinvest in assets which will produce income to maintain service delivery, support economic development initiatives and operational needs.

3. CONSULTATION

3.1. Internally via the Council's corporate structures and processes. The Draft Plan will go to Resources Overview & Scrutiny Panel on the 29th 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.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1. The proper management of the Council's property resources make an essential contribution the achievement of the Council's plans and priorities.

Contact Officer: **Raymond Simmons** **Ext: 7421**

Note: In compliance with Section 100 of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: RD31/13; RD39/13

Appendices attached to report: Draft Asset Management Plan 2013 to 2018

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 2014/15 to 2018/19.

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Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2013 - 2018

CONTENTS

1. The Council

Carlisle City Council delivers services to just over 100,000 people and for the year 2013/14 has a net revenue budget of £13.454 million and capital expenditure of £4.655 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.

The Council's asset base is one of its key financial resources, with a rental income of around £4.5 million per annum, from its non operational property, and a net asset value, taking account of depreciation, of circa £120 million. The income is comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

2. The Asset Management Plan and Council Priorities

The Carlisle Plan 2013/2016 sets out the Council's vision for the City *"to promote Carlisle as a prosperous City, one in which we can all be proud"*. The Plan identifies the actions and timetabling for delivering the key priorities for the Council to:-

- Support the growth of more, high quality and sustainable, business and employment opportunities.
- Develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle.
- Work more effectively through partnerships to achieve the Council's priorities.
- Work with partners to develop a skilled and prosperous workforce, fit for the future.
- Make Carlisle clean and tidy.
- Address Carlisle's current and future housing needs

The Council has been undergoing a radical transformation of its organisational structure and service delivery to achieve substantial savings in costs, to reduce the base budget over a 5 year period by £5.4 million.

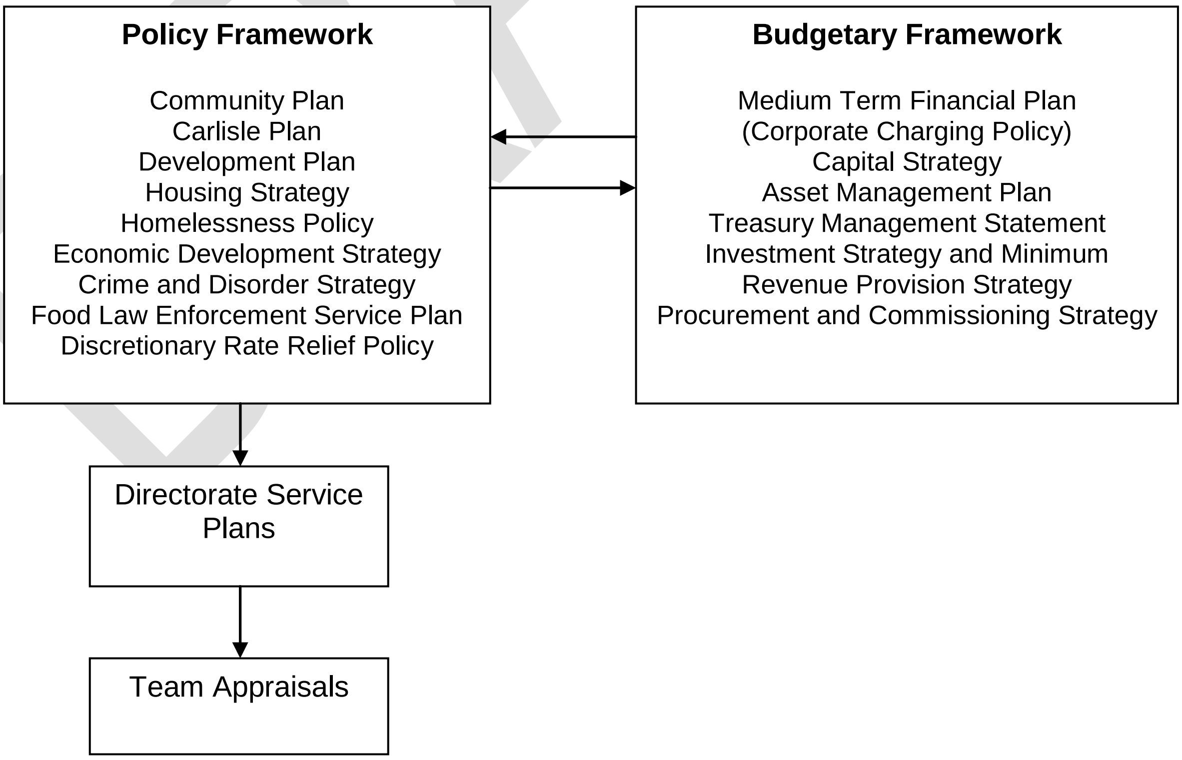
This Asset Management Plan describes how the Council's strategies and policies for its property portfolio will support these priorities and Directorate Service Plans. The Plan aims to provide information about the overall performance of the asset base, and how it is being used and reviewed. It also takes 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.

3. The Council's Approach to Corporate Planning

The Council has a corporate plan that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it is a statement of the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership (LSP). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be similarity between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

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

- The Capital Strategy (CS), 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 set 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.
- The Local Plan which is in the process of review.
- 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, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Organisational Framework

The organisational framework for the delivery of property functions has changed in tandem with the Council's Transformation Programme and Asset Review Business Plan which was adopted by Council in 2011. The Business Plan Working Group now provides strategic direction, oversees the corporate management of the Council's property assets, and gives direction to the work programme.

The framework which has been put in place as part of the recommendations of the Asset Review Business Plan is evolving, as a first step in the transformational review of Directorates the Property Services and Building Services teams have come together within the Resources Directorate. Collectively these teams now assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

Strategic property advice, in terms of economic development activity, will be delivered through the Economic Development Directorate. Both Directorates report through the Senior Management Team (SMT) and then on through the normal Council channels.

The terms of reference for SMT are:-

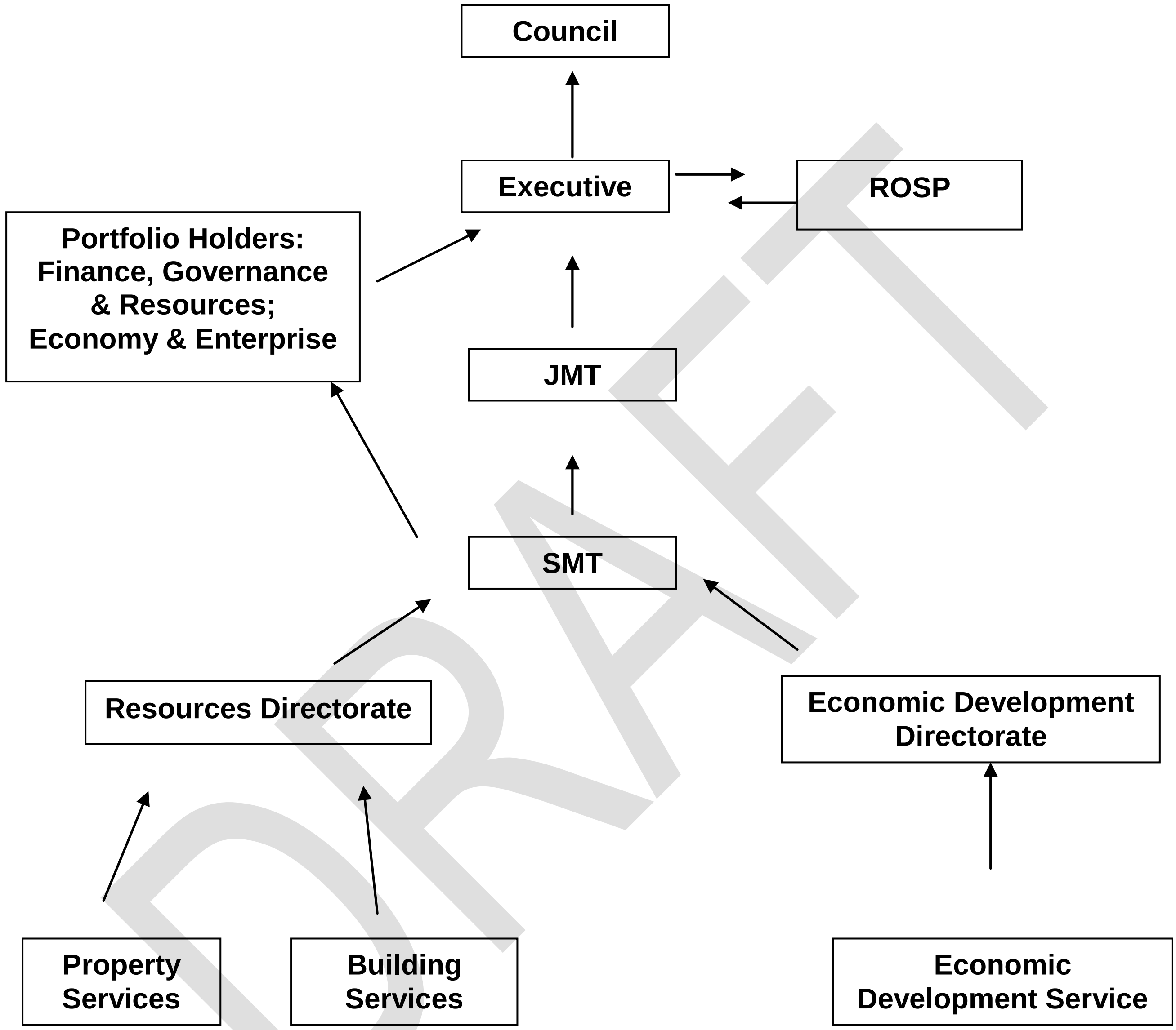
- ♦ To develop and implement corporate policy and best practise in relation to the Council's property assets.
- ♦ To give strategic direction to other corporate officer groups dealing with operational property matters.

- To ensure co-ordination of reporting and decision making on strategic matters relating to property.

SMT meets bi-weekly and membership comprises the Town Clerk & Chief Executive, the Deputy Chief Executive, and the Directors of Resources, Governance, Economic Development, Community Engagement and Local Environment.

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Finance, Governance & Resources, and Economy and Enterprise, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council.

ORGANISATIONAL & REPORTING STRUCTURE



5. Corporate Asset Objectives

Aim

- To set out the Council's policy on the use of assets in order to have a flexible approach to asset ownership and secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.
- To develop a planned approach to the management of the Council's assets linked to corporate priorities.

Objectives

1. To identify all property which the Council owns or uses, compile accurate records, establish its value and the function it performs. Maintain and continually update this information to enable decision making and support to the Council.

2. To make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, and increasing rental income.

3. To effectively respond to the changing property requirements of service delivery improvements.

4. To provide a transparent basis for property investment decisions, through the Capital Programme, and to have a planned approach to the management of the Council's assets, aligned to corporate objectives.

5. To ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio.

6. To apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. To support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP).

8. To promote community and partnership use of assets.

9. To link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy.

10. To provide sustainable planned maintenance programmes for a 5-year period.

Delivery

- To develop a planned approach through:-
  - ➢ Links to corporate priorities.
  - ➢ Carrying out condition surveys
  - ➢ Meeting Disabled Discrimination Act requirements.
  - ➢ Health and Safety risk assessments.
  - ➢ Benchmarking & performance measurement.

- Improving asset management to:-
  - ➢ Identify "expensive "and "obsolete" assets.
  - ➢ Identify surplus assets.
  - ➢ Identify changes to asset requirements, e.g. shared services and home working.
  - ➢ Improve energy efficiency, use renewable sources and set targets for carbon reduction.
  - ➢ Identify improvements to assets or the asset base to enhance service delivery.
  - ➢ Ensure assets are "fit for purposes" and "sustainable".
  - ➢ Identify investment opportunities to improve income yields.

6. <u>Performance Monitoring and Measurement</u>

The Council will manage and monitor the use of its property resources to ensure the portfolio meets the objectives set and delivers performance improvements linked to corporate and service objectives. The Council, using the 'Covalent system' overseen by Policy and Communications, manages and monitors performance indicators.

The Council will aim to own assets which are suitable, fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access.

The Council's performance framework continues to review performance and seek the development of SMART indicators which will effectively measure the contribution property makes to the achievement of corporate objectives set out in the priority actions in the Carlisle Plan.

New data capture procedures have been established and an annual exercise is now undertaken to collect property information in order to measure performance and these are contained in the suite of Performance Indicators (PI's) set out in Appendices I and II of this Plan. The use of PI's has allowed the Authority to improve the monitoring of asset performance, illustrate improvements, and identify shortcomings.

The Government's Operational Efficiency Programme (OEP) recommends that Local Authorities and other agencies use the CIPFA Property Asset Management Planning Network to share best practice. The OEP Report also strongly recommends the use of benchmarking to help drive efficiencies.

The Authority is a member of the CIPFA IPF Asset Management Plan Network. Current best practice is to use the National Property Performance Indicators (NAPPMI) which is set out in Appendix I. These indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO_2 emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators; these are shown in Appendix II, which additionally measure occupancy rates for the let estate and disability access to our buildings.

7. Policy and Strategy

Operational Property Strategy
• The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost. • All service property will be efficient and effective in supporting delivery of the Council's priorities. • The Council will occupy freehold property where appropriate. • The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available. • The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate and share services. • Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes the revenue implications over its useful life (ie whole life costing). • The following policy principles are to be applied to enable delivery of the service property strategy: **Investment Principles** Investment should be made only through a 5 year programme where: • The property is required for the medium or long term use of the Council, and • The investment: ➢ enhances service delivery ➢ improves environmental sustainability ➢ improves utilisation ➢ increases efficiency ➢ adds value • It addresses statutory obligations

Non-Operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

Investment Principles

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

Surplus Property Strategy

- The Council will normally dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts of £660,000 in 2013/14, and £260,000 from 2014/15 onwards, in line with the Capital Strategy and Medium Term Financial Plan. Note additional receipts from the Asset Review Business Plan Disposal Programme are considered separately in this document and the MTFP.

Surplus Property

All operational and non-operational property will be sold unless one of the following applies:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, housing, economic or environmental benefits to meet the Council's agreed priorities, in which case the Council may take a flexible approach to a disposal at less than market value, subject to compliance with any statutory consents and full Council approval.
- It is a long-term strategic investment.

Property Acquisition Strategy

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.
- The Council will invest in assets to improve the financial returns and yields from the portfolio and deliver the Asset Review Business Plan.

The following policy principles should be applied to enable delivery of the property acquisition strategy:

Property Acquisition
Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver Economic Development policy.
- Where it is required to support the delivery of other Council services and priorities, either directly or through income generation.
- Whole life costing and option appraisal exercises are undertaken.
- Portfolio investments and opportunity purchases meet set target criteria around risk, income returns and yields.

8. Government Policy and Statutory Responsibilities

The overall amount available for distribution to Local Government is determined by the Government's Spending Review. The last review in 2010 (CSR10) is committed to: -

"Delivering a stepp change in the management of the public sector asset base".

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

The Government's regional policy aims to improve the economic performance of the English regions and to reduce the gap in performance between the regions. The Review of Sub National Economic Development and Regeneration (SNR) sets out a comprehensive package of reform to improve performance. The CSR10 takes forward the conclusions of the SNR.

The Housing and Regeneration Bill aims to deliver the commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities. The Council has been designated as a Growth Point and is seeking ways to encourage increased levels of affordable housing within the district, working with partners to bring Council owned sites into development for the provision of social and affordable housing.

Although the recent structural changes to local government in England have not brought about a change in governance in local areas in Cumbria, there remains an impetus to increase levels of joint working, to improve the efficiency of service delivery and share accommodation.

The Government is also promoting the community management and ownership of public sector assets, acting on the recommendations of the Quirk Review. It believes that community asset transfer can form part of a strategic approach to the use of local authority assets and that it is an important factor in enabling community organisations to be sustainable. The Council has established a Community Asset Register to monitor and manage this initiative.

The Government recently passed the Climate Change Bill setting ambitious targets for carbon reduction. In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan has been developed with support from the Carbon Trust. Along with other Cumbrian Authorities the Council has set a target to reduce carbon emissions by 25% from its buildings, street lighting and transport related functions by April 2013, against a 2007/08 baseline of 6,306 tonnes of carbon. Buildings account for 74% of the carbon baseline. The data received up to the end of March 2012 indicates that significant progress has been made towards this target. Figures for this year have worsened for the first time (but clearly not in comparison to the baseline year which still shows vast improvement) just on last year's comparisons, due to the harsh and longer winter.

9. The Resource Context: Value for Money

The Audit Commission used to measure how well an organisation managed its resources and delivered value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment. This considered:-

"*how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs".*

With the changes in national Government which arose in 2010 this framework for measuring the use of resources was discontinued. However, despite this the Asset Management Plan must still demonstrate a Council-wide approach to managing assets as a corporate resource, with the focus on using its assets to help to deliver social, environmental and economic outcomes for local communities. Asset management planning should be fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

Collaborating with partner organisations on strategic asset management planning remains 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.

10. Changes in the External Environment and Implications for Property

The underlying economic factors affecting the national economy apply to Carlisle subject to its relatively isolated and remote location. The City is held back from realising its full potential because generally it has not been considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis.

It is mainly sub-regional and local developers and investors who serve the Carlisle property market, with the possible exception of the retail sector. When the UK market shows an upward trend, stability or decline, the Carlisle market follows proportionately – subject to a time delay because of its location.

The City's peaks have been historically, neither high enough nor long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development.

It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless funders are looking for long-term sustainable investment, with a local geographic commitment, developers will prefer more profitable southern locations where rental growth increases more rapidly, and over longer periods.

This risk adverse attitude by the private sector has meant that to date, the public sector has had to be proactive in order to attract development to Carlisle in order to improve economic development opportunities for the community. This is why Carlisle City Council owns the legacy of a considerable property portfolio, and needs to be involved in public/private partnership working.

The changing economic climate, both at a national and local level, arising from the “credit crunch” of a few years ago, restricted borrowing regimes and the continued economic recession, is impacting on the local property market. The Government‘s Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

Demand has fallen in all sectors, capital and rental values have decreased. The residential and commercial investment markets, although showing signs of stabilising, still face difficult and uncertain times ahead. These downward trends in the market have undoubtedly affected the Council’s portfolio, and will influence what we can do, and the way we do it, in the forthcoming years. Apart from the effect of some structural changes to the way certain assets are held, the overall capital value of the portfolio has remained at a static level. There has been some upward and downward movement in market values for particular assets but, overall this has balanced out to leave the position year on year unchanged. The makeup of the investment portfolio is quite resilient but, rental income has fallen by roughly £250,000 (5%) since the peak of the market. This mainly arises from the retail part of the portfolio and the influence of the Disposal Programme, although recently the retail market has shown faint signs it may have bottomed out and stabilised but, undoubtedly it will be several years before any real growth materialises and, when this does arise, it will be slight.

The generation of capital receipts may be more problematic in the future the longer the downturn in the market, particularly the residential sector, persists.

11. The Existing Portfolio and Current Performance

Gross Asset Value as at 31 March 2013.

	Operational assets		Non operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	**71**	**79**	**60**	**2**	**212**
Total income	**£26,000**	**£1,107,000**	**£4,616,000**	**Nil**	**£5,749,000**
Capital value	**£3,832,000**	**£27,664,000**	**£95,016,000**	**£82,000**	**£127,094,000**
Capital Expenditure	**£62,182**	**£946,882**	**£442,206**	**-**	**£1,451,270**
Asset Reserve		**-**	**£392,000**		**£392,000**
Maintenance backlog		**£2,970,625**	**£2,000,000**	**-**	**£4,970,625**

NB The total capital spend in 2012/13 was £4.5 million. However this did not all relate to property assets, £1.2 million was Revenue Expenditure Funded from Capital Under Statute which included capital works on assets which are not owned by the Council.

The figure for the maintenance backlog on the operational buildings in the portfolio is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure has decreased by around £340,000 or 10% since last year. This is partially a result of the disposal of assets, and partly due to the consequences of remedial work carried out under the capital works programme.

The figure for the non-operational backlog relates to historical infrastructure costs associated with our industrial estate ground rented portfolio and has not been reviewed for a number of years. There is a suspicion 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 notion can't be substantiated with evidence.

12. Maintenance Backlog

	12/13	13/14	14/15	15/16	16/17
Total Revenue Budget	£700,000	£646,500	£646,500	£646,500	£646,500
Capital Schemes Special Projects	£577,357	£300,000	£300,000	£300,000	£300,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 : 24

Based upon property condition surveys, an annual planned maintenance programme has been established for all the operational assets. There is a maintenance backlog; currently £2,970,625 for the portfolio of operational and non-operational buildings, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 3 year programme of planned and reactive maintenance on 19 November 2012 (report reference RD53/12). In condition category terms the split is as follows:-

Condition Category (as a % of Gross Internal Area Operational Property)	**Sustainable Criteria**
A. (Excellent) 51%	**Yes**
B. (Good) 31%	**Yes**
C. (Mediocre) 13%	**Review**
D. (Poor) 5%	**No**

Improvements in the operational portfolio are mainly due to the new Shaddongate Resource Centre..

Energy Efficiency

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects has been carried out. Significant investment in Tullie House in the year 2011/12 has resulted in the target of 20% reduction in energy consumption being achieved. The merits and feasibility of a Hydro scheme is still being investigated on the Caldew at Denton Holme. New boilers have been installed in Morton Community Centre.

There has been little investment in new energy efficiency schemes in the last year. The cold winter and spring has resulted in increased costs for gas in particular. The new solar photovoltaic arrays at the Civic Centre and Sands Centre have been successful in terms of electricity generation and income received from the feed in tariff.

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. This programme is required to meet those duties. Report (RD 01/13) was presented to the Executive on the 8th April 2013 with proposals for capital investment for planned major repairs. The business case identified 7 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2013/14 has been allocated as follows:-

PROJECT	COST	PRIORITY
Civic Centre - Rewiring and refurbishment of programme	£90,000	Health and Safety / Energy Conservation
Tullie House – Re-covering of flat roof area over Paintings store	£80,000	Business Case/ Conservation/Asset protection
Civic Centre – Re pave the flagged areas to the frontal approach and entrance	£25,000	Health and Safety
Enterprise Centre – Re- cover the main flat roof	£50,000	Business case
West Walls – Stone repairs and re-pointing of historic City Wall	£20,000	Heritage Conservation
Talkin Tarn – Underpin the Tea Room wall foundation	£25,000	Health and Safety
Various Properties – Asbestos removal	£10,000	Health and Safety
TOTAL	**£300,000**	

13. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.

2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.

3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which has considerable further potential.

4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.

5. The opportunity has been grasped to take a more dynamic and 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.

Accommodation Review

An Accommodation Review is underway as an integral part of the Transformation Programme to review corporate accommodation, both back office and front public facing service delivery properties. This will comprise a comprehensive analysis of accommodation needs and the existing provision, explore future solutions and implement 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 will be on going over several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

- Corporate standards for accommodation;
- Efficient and effective accommodation for all Council staff & operations;
- Consolidate office staff and functions into the Civic Centre;
- Maximise usage of occupied accommodation and deliver efficiencies;
- Maximise potential revenue streams;
- Identify and meet target capital receipt savings and income.

To date the review has achieved the following improvements to the portfolio:-

- Centralisation of back office delivery with the closure and demolition of part of Boustead's Grassing and transfer of staff to the Civic Centre;
- Improved space utilisation in the Civic Centre;

- Continued development of the Customer Contact Centre as a public service centre hub;
- The letting and sharing of office space with other public sector providers
- An interim rationalisation of the Councils Depots, Willowholme Depot has been declared surplus to requirements and is on the market for sale;
- Provision of a new Women's and Family Hostel in Water Street to replace the existing facility.

The challenges going forward are to further examine space utilisation in the Civic Centre; the continued reduction in staff during 2012/13 has led to deterioration in the occupancy rate and increased costs per full time employee (FTE), and to find new occupiers to share the surplus accommodation, reduce overall costs in use, and compliment the Council's ambitions to improve public access to a wider range of customer services through the Contact Centre. Also, with the recent transfer of retained Highway Rights back to the County Council there is a need, in the light of future service requirements, to further examine the utilisation and retention of Boustead's Grassing as sustainable Depot and the possible requirement for alternative provision.

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 has been concluded with the adoption by Council in January of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

The strategic objectives of the Plan are broadly to have:-

- Clear and separately focused management of the operational, investment and economic development assets.
- Fewer higher value assets which will give a better yield and are cheaper and easier to manage
- The latent value and development opportunities embedded in the portfolio unlocked and released for reinvestment.
- Well maintained assets which will continue to be attractive to tenants and occupiers.
- Increased returns through higher income and lower outgoings.

To provide clear segregation between the objectives and priorities for each asset the portfolio has been divided into 3 distinct categories established as follows:-

1. Operational Assets – properties that are needed in order to carry out the Council's day to day business and deliver services or are required and retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose.

2. Economic Development Assets – properties that are identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District.

3. Investment Assets – properties where the sole function is to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management. These changes will take place within the context of the Transformation Programme.

Disposal Programme

The Business Plan recognises that the current Investment portfolio needs re-engineering through a process of rationalisation to consolidate the asset base and improve overall financial returns through reinvestment or acquisitions. The Plan aims at realising £24m through the disposal over a 4 year period of 51 assets which are underperforming or have embedded value which can be realised. The proceeds will be used to generate additional income of £1m to support budget and efficiency savings and help protect and secure service delivery into the future.

Outcomes:
In line with expectations individual asset receipts have produced results on, below and above target figures. To date 25 assets have been sold realising total gross receipts of circa £5.5 million. Overall the returns show an increase of approximately 18% (Morton excluded) above the business plan estimates. The market appears to be hardening for certain types of asset; at this juncture in the programme there is no reason to suspect the current trends and levels of return will not continue however, we have adopted a conservative approach and these increases have not been built into future sale projections. Note the Morton Site, anticipating a receipt following the grant of outline planning consent in excess of the Business Plan estimate, has been included in the 2012/13 budget at a figure of £15m.

Reinvestment Options:

The Business Plan envisages capital receipts will be used to generate £1 million additional revenue and support purchases in the economic development and operational property portfolios.

Opportunity purchases into the Economic Development portfolio have recently been completed to consolidate the Council's existing ownership and land holdings in Rickergate with the acquisition of further properties in the Warwick St area.

The Morton disposals, paramount to the disposal programme, are progressing. The Executive's 2012/13 budget resolved that a £15 million Treasury Management investment is transacted whilst the longer term options for the proceeds of sale are determined, including option appraisals for paying off a £15 million stock issue in 2020.

Purchases into the investment portfolio are being investigated and under consideration, and the Council is examining the options and feasibility for alternative approaches to the asset and estate management of its investment land holdings at Kingstown and Parkhouse.

14. Summary

1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.

2. Members are aware and have approved a plan to address backlog maintenance.

3. Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.

4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.

5. The Council's asset base has considerable latent value, which if unlocked through the new 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.

6. The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

APPENDIX I

NATIONAL PROPERTY PERFORMANCE INDICATORS

APPENDIX I

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COPROP Property Management Initiative Property Performance Indicators (PMI's)

PMI 1A: % gross internal floor-space in condition categories A- D

	Mar-11	Mar-12	Mar-13
(a) **Schools:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(b) **Other Land & Buildings:**			
Good condition (category A)	46.1	49.1	50.8
Satisfactory condition (category B)	31.8	32.6	31.4
Poor condition (category C)	17.2	12.8	12.5
Bad condition (category D)	4.9	5.5	5.3
(c) **Community Assets:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(d) **Non-operational assets:**			
Good condition (category A)	0	0	0
Satisfactory condition (category B)	19	38.3	30.7
Poor condition (category C)	6	0	0.8
Bad condition (category D)	75	61.7	68.5

Objective:-
To measure the condition of the asset for its current use

Definitions:-
A: Good – Performing as intended and operating efficiently
B: Satisfactory – Performing as intended but showing minor deterioration
C: Poor – Showing major defects and/or not operating as intended
D: Bad – Life expired and/or serious risk of imminent failure

Comments:-
We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The marginal overall shift in improvement on the operational properties is due to the new buildings coming into the portfolio such as the Resource Centre and the new Crematorium offices. The decline in performance of the non-operational portfolio is largely due to the relatively high proportion of poor quality assets left on the books as a consequence of the disposal programme. For example, the Enterprise Centre now accounts for 69% of non operational floor space.

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PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m^2 GIA						
	Mar-11		**Mar-12**		**Mar-13**	
	£	%	£	%	£	%
(a) **Schools**						
Urgent repairs (priority 1)						
Essential repairs (priority 2)						
Desirable repairs (priority 3)						
Total						
Overall Cost per m^2 GIA						
(b) **Other Land & Buildings**						
Urgent repairs (priority 1)	295,840	12.5	397,800	16	325,600	15
Essential repairs (priority 2)	1,667,350	70.2	1,684,900	68	1,460,425	68
Desirable repairs (priority 3)	411,375	17.3	385,725	16	353,600	17
Total	2,374,565		2,468,425		2,139,625	100
Overall Cost per m^2 GIA	45.47		49.94		41.59	
(c) **Community Assets:**						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m^2 GIA	n/a		n/a		n/a	
(d) **Non-operational Assets:**						
Urgent repairs (priority 1)	5850	1.2	0			
Essential repairs (priority 2)	463,150	98.6	841,000	100	561,000	68
Desirable repairs (priority 3)	900	0.2	0		270,000	32
Total	469,900		841,000		831,000	100
Overall Cost per m^2 GIA	70.29		138.82		124.03	

Objective:-
Measure required maintenance.

Definitions:-
Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

Essential work required within two years that will prevent serious deterioration of the fabric of the services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.
Comments:- Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Slightly improving overall picture to the operational portfolio as capital expenditure has been targeted at urgent work. The changes noted to the Non-operational assets are primarily due to a review of the categorisation of repairs to reflect consultant advice on achieving energy performance ratings.

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year	**Mar-13**
Total Required Maintenance	£2,970,625
Annual % Change in total required maintenance from previous year	-10

Objective:- Measure changes in spend on maintenance.

Definitions:-
Required maintenance is defined as "The cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or meet statutory or contract obligations and maintain it at the standard".
Spend on maintenance covers the total repair and maintenance programme (reactive and planned) including any associated fees for the work. It should also include any capital spending on repair and maintenance.

Comments:-
The total backlog maintenance liability figure shows a reduction from last year. This is attributable to the ongoing process of rationalisation across the portfolio and the disposal/replacement of high maintenance and costly properties.

PMI 1D: Maintenance Spend		**2011/12**	**2012/13**
(i)	Total spend on maintenance	1,200,514	962,654
(ii)	Total spend on maintenance per m^2 GIA	£20.54	£16.55
(iii)	Planned/reactive maintenance split	76% / 24%	76%:24%

Objective:- Show split in type of maintenance

Definition of Planned and Reactive Repairs:-
Planned – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.
Reactive – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.
To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

Comments:-
Reduced annual spend reflecting the budgetary constraints on resources available to look after the portfolio.

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PMI 2 A, B & C Environmental Property Issues

		2010/11	2011/12	2012/13
A	Energy Cost – total spend (£)			
	Energy Total Consumption (kwh)	12,863,493	11,008,581	10,934,582
	Energy Cost per m^2 (£/m^2)			
	Energy Consumption per m^2	329.60	282.08	280.59
B	Water Cost – total spend (£)			
	Water Total Consumption (m^3)	12593	12003	9417
	Water Cost per m^2 (£/m^2)			
	Water Consumption per m^2 (m^3/m^2)	0.58	0.55	0.48
C	CO2 Total Emissions (tonnes CO^2)	3820.62	3321.52	3326.26
	CO2 total Emissions/m^2 (Tonnes CO^2/m^2)	0.0979	0.0851	0.0854

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.

Definitions:-

To reduce environmental impacts of operational property.
To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement.
To compliment the process for ‘Energy Certificates’.
To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.

Comments:-

Although generally recognised that energy costs are increasing the effect of this has been offset by a reduction in consumption. This is attributable to energy saving conservation projects which have been adopted but also due to shrinking operations arising from the Transformation process. The dramatic change in the consumption of water is much more than could be reasonably anticipated, the fall is excessive and is probably due to a billing anomaly.

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PMI 3 A & B: Suitability Surveys (Local Indicator)

	Mar-11	Mar-12	Mar-13
% of Portfolio by GIA m^2 for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available

Objective:-
For Local Authorities to carry out Suitability Surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service deliveries i.e. are they fit for purpose.

Definitions:-
To be reported for **all** operational buildings (excluding Schools) occupied by the Local Authority.
To ensure that the property meets the needs of the user.
To enable key decisions to be made.

Comments:-
Suitability surveys will be undertaken on a phased basis as and when resources allow.

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PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-12	**Mar-13**
A	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	73.72%	76.11%
B	Number of properties for which an Access Audit has been undertaken by a competent person	33	36
C	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	73.72%	76.11%
D	Number of properties for which there is an Accessibility Plan in place	33	36
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	83.9%	84.4%

Objective:-
To monitor progress in providing access to buildings for people with disabilities.

Definitions:-
To monitor the progress at which Local Authorities carry out access audits.
To enable key decisions to be made.

Comments:-
Further audit inspections have been undertaken. Year on year PI remains relatively static. The slight improvement is due to a higher proportion of non-compliant properties being disposed. A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure.

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PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio			
		Mar-12	**Mar-13**
A1a	Operational office property as a percentage (% GIA m^2) of the total portfolio	20.9%	20.6%
A1b	Office space per head of population	0.11 sq m	0.11 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	78%	78%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	15.67 sq m	17.33 sq m
B2	Average floor space per workstation (not FTE)	10.87 sq m	10.87 sq m
B3	Annual property cost per workstation (not FTE)	£1028.21	£1112.51

Objective:-
To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.

Definitions:-
To identify the intensity of use of space.
To assist councils to identify and minimise assets which are surplus or not in use.
To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.
To measure the level of usage.
Net Internal Area (NIA): The usable area within a building measured to the internal face of the perimeter walls at each floor level.
Net Office Space (NOS): NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.
Full Time Equivalent (FTE): No of staff based in the building expressed in full time equivalent terms.

Comments:-
Recent improvements in occupancy rates, achieved through the Accommodation Review, have deteriorated within the Civic Centre. The lower utilisation rate has arisen from staff reductions; there are now more empty desks throughout the building, highlighting a need for further review to redress the shortfalls .

CARLISLE CITY COUNCIL www.carlisle.gov.uk	Asset Management Plan
	Appendix : Property Performance Indicators

PMI 6: Spend	**Mar-12**	**Mar-13**
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.5%	2.26%
Gross Property Costs per m^2 GIA by CIPFA Categories/Types:	£/m2	£/m2
Schools		
Operational Buildings	35.10	29.26
Community Assets	N/A	N/A
Non-operational Assets	16.78	18.06

Objective:-
To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.

Comments:-
Total running costs show a slight overall improvement on last year's figures as a proportion of the total gross revenue budget. Breaking down the figures, non operational costs reflect a slight increase; this is mainly associated with the Enterprise Centre.

CARLISLE CITY COUNCIL www.carlisle.gov.uk	Asset Management Plan
	Appendix : Property Performance Indicators

PMI 7 A, B, C & D: Time & Cost Predictability		Mar-12	Mar-13
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	90%	100%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	100%	100%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	100%	90%

Objective:-
To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional "local" indicators to start the measures at an earlier stage.

Comments:-
A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result.
In respect of (D) the 90% outturn figure reflects the position on the Community Resource & Training Centre at Shaddongate where costs exceeded budget. The City QS consultant continually informed us that costs would be within budget until the final account stage.

APPENDIX II

LOCAL PERFORMANCE INDICATORS

APPENDIX II

Local Performance Indicators

Indicator	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Target	12/13 Actual	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	81.81%	82%	83.8%	83.9%	85%	84.4%	The slight improvement is due to a higher proportion of non-compliant buildings being disposed of. Improved performance on the remaining buildings will be increasingly difficult to achieve due to capital costs and the nature of the portfolio i.e. Listed Buildings.
MI 931 C1 Maximise the occupancy of Council's commercially let business units	90.53%	87.96%	88.03%	87.87%	90%	85.92%	The target going forward remains the same reflecting the unchanged market conditions. The disposal of a significant proportion of our workshop portfolio, relatively well let, has impacted negatively on this indicator.

CARLISLE CITY COUNCIL
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# Report to Executive	Agenda Item: A.4

Meeting Date:	2 September 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Considered under general exception
Within Policy and Budget Framework	NO
Public / Private	Public

Title:	BUSINESS RATES POOLING
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD38/13

Purpose / Summary:

This report advises on the advantages for the Council pooling Business Rates with other Cumbrian authorities in taking advantage of the provisions of the Business Rates Retention Scheme 2013.

Recommendations:

It is recommended that the Executive:

(i) Agree in principle to enter into pooling arrangements with other Cumbrian Authorities (as appropriate) under the Business Rates Retention Scheme for 2014/15 financial year.

(ii) Note the arrangements being progressed to support the in principle decision as set out in paragraph 3.1.

(iii) Note that a final recommendation on whether or not to progress business rate pooling arrangements will be submitted to the Executive as part of the 2014/15 budget deliberations.

Tracking

Executive:	**2 September 2013**
Overview and Scrutiny:	**Not applicable**
Council:	**Not applicable**

1. BACKGROUND

1.1 The introduction of the Business Rates Retention Scheme on 1 April 2013, has given Councils much greater control over the impact that Business Rates and Business Rates collection has on an area.

1.2 Previously, the Council collected all the Business Rates in its area and paid these over to the Government in their entirety. The Government then allocated the nationally collected Business Rates to each Council as part of the annual Formula Grant funding settlement.

1.3 From 1 April, Councils have been allocated a baseline level of funding as part of the formula grant that they can keep from the income they collect from Business Rates. Of the total income collected, 50% is returned to Central Government, 10% is allocated to the County Council and 40% to the District Council. The Government has then determined whether top-ups or tariffs will apply. For Carlisle, the 40% share relates to £15.856million in 2013/14, but a tariff is payable to Government of £12.942million, meaning that the baseline is set at £2.914million.

1.4 As a tariff authority, any growth that can be achieved in Business Rates income is shared on the same percentages as above, with a 50% levy payable to Central Government and 10% growth passed tot he County Council. Safety Nets are also in place to ensure that no authority suffers significant financial losses should income drop.

2. POOLING OPTIONS WITHIN THE BUSINESS RATES RETENTION SCHEME

2.1 Pooling combines the top-ups and tariffs of the individual authorities in the pool as though the pool was a single authority. The County Council is a top-up authority and the Cumbrian Districts are tariff authorities. A single levy rate and safety net threshold is calculated for the pool overall. As a Cumbria pool would overall be a top-up authority it means the pool pays nothing in levy payments on rateable value growth compared to the total levy payments for individual member authorities. But it also increases the threshold for safety net payments.

2.2 **Why form a pool?**

Pooling can offer the following advantages:

- It gives all members of the pool a stronger incentive to collaborate to maximise the income of the pool they are in.

- Including Tariff and Top-up authorities in the same pool reduces or cancels out the levy rate. This protects business rate growth that would otherwise be subject to levy payments and means the pool retains more in business rates than the aggregate of the individual authorities in it.
- It could smooth the impact of business rates volatility when losses are not sufficient to trigger the safety net.

2.3 **Governance**

Pooling is voluntary, but authorities wishing to form a pool have to apply to the Secretary of State for approval. There are no formal restrictions on membership but government expects pools to follow the natural economic geography and may refuse an application for pooling if there is no logical connection between its members. Many of the pools formed for 2013/14 comprise of a county and the districts within the county boundary. However, some pools include just some, or even just one, of the districts in the county area. There are also examples of districts pooling with neighbouring unitary authorities.

It is up to members of the pool to set up governance arrangements and agree how locally retained business rates would be distributed between members. These would need to include:

- agreement on the distribution of additional income from pooled arrangements;
- agreement on the distribution of the loss of safety net payment in the event that pooling caused a safety net payment to be foregone;
- whether to have any arrangement to smooth losses that would not be large enough to trigger a safety net payment;
- arrangements for continuation or dissolution of the pool. A pool can be dissolved with effect from the end of each year but cannot be dissolved with effect during the year.

2.4 **Why may it be advantageous to form a pool for Cumbria?**

Pooling is likely to be beneficial to Cumbria as locally retained share of business rates is predicted to be higher than the Business Rates Baseline[1]. It might also apply if growth assumptions are low but at the start of the scheme the Retained Share of Business Rates is much higher than the Business Rates Baseline.

However, pooling increases the safety net threshold. This means the pool would have to manage much larger losses before it would be eligible for safety net payments. An authority that expects to be below the safety net threshold will be

[1] The Business Rates Baseline is government’s estimate of how much each authority would raise from its retained share of business rates in 2013/14. It is indexed by RPI in each subsequent year i.e. at the same rate as the business rates multiplier.

better off if it remains outside the pool. Due to the particular circumstances in Copeland, i.e. most of their rate income comes from one business, (Sellafield), and, due to the impact of outstanding rating appeals the Council has, it is unlikely to benefit from pooling in the immediate future.

If retained shares of Business Rates are expected to be less than the Business Rates Baseline for all authorities, but are not expected to fall sufficiently to trigger payment from the Safety Net there is neither a gain nor a loss as a result of pooling.

2.5 **Financial Analysis supporting Pooling in Cumbria (excluding Copeland)**

Appendix 1 presents scenarios to illustrate potential implications of pooling for Cumbrian authorities i.e. current baseline, 2% growth (Carlisle only), 2% growth across Cumbria (except Copeland) and 2% negative growth. This is based on models developed by the Society of County Treasurers but using the adjusted NNDR 1 figures for Cumbrian authorities, for 2013/14. In all these scenarios Carlisle receives more NNDR income than not being in a pool. The model assumes that the amount gained by not paying the levy is shared 50% to the County Council and 50% to the Districts, which is then shared based on the local share of rates collected. These percentages would have to be agreed as part of the Governance arrangements when forming a pool.

The inclusion of Copeland in the pool results in an overall loss of £0.470m compared to not pooling. (Carlisle's share of the loss being approximately £30,000) This is £1.975m less than a pool with the other five districts because of safety net payments foregone. However, Copeland currently has a very high backdated allowance for losses on appeal so the result will be different in future years if future appeals are less. The gain from including any other combination of districts in the pool is the sum of the levy payments of the participating districts.

3. WAY FORWARD

3.1 Carlisle has to make an initial decision to join a "pool" with the County and other Cumbrian districts by 31 October 2013, with a final decision made in January 2014.

3.2 Whilst the analysis set out in Appendix 1 suggests Carlisle would benefit from pooling arrangements, several decisions have to be made Cumbria wide to progress the initiative. Cumbrian Chief Finance Officers will produce proposals for discussion by Cumbrian Chief Executives on issues such as:

- Pool Membership: Discussions are planned with DCLG to ascertain whether any special arrangements can be agreed to enable Copeland to join the pool;

- How to distribute the shares of additional NNDR income retained in the pool (or sharing out any losses);
- Governance arrangements for operating the pool including identifying a lead authority;
- Other issues including obtaining expert advice on any proposed pooling arrangements considered.

3.2 A final recommendation on joining a pool will be made by the Executive as part of the 2014/15 budget deliberations.

4. CONSULTATION

4.1 Consultation between Cumbrian authorities and the DCLG will take place as set out in paragraph 3.1 of the report.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 It is recommended that the Executive:

(i) Agree in principle to enter into pooling arrangements with other Cumbrian Authorities (as appropriate) under the Business Rates Retention Scheme for 2014/15 financial year.

(ii) Note the arrangements being progressed to support the in principle decision as set out in paragraph 3.1.

(iv) Note that a final recommendation on whether or not to progress business rate pooling arrangements will be submitted to the Executive as part of the 2014/15 budget deliberations.

Contact Officer: **Peter Mason** **Ext: 7270**

Appendices attached to report: **Appendix 1 – Pooling Scenarios**

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

Community Engagement – not applicable

Economic Development – not applicable

Governance – The ability to pool arrangements with the other Cumbrian authorities is available by virtue of paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 (inserted by Schedule 1 to the Local Government Finance Act 2012).

For a pool to come into effect, from the start of the next financial year, the Secretary of State for Communities and Local Government must make a pooling designation. This designation has to be before the publication of the draft Local Government Finance Report for that year in which local authorities are notified of the basis on which the Department intends to calculate tariffs and top-ups. This is expected to be published as usual in the Autumn.

While local authorities in a pool will be treated as a single body, for the purposes of calculating tariffs, top-ups or levy and safety net payments, individual authorities in a pool will be notified of their individual position in the draft Local Government Finance Reports. This will enable local authorities to confirm if pooling is still of benefit to them.
Local authorities can withdraw from a designated pool before the pool comes into effect, if after seeing the draft Local Government Finance Report they no longer believe that pooling provides the opportunities they had previously thought. To exercise this option a local authority must write to the Department within 28 days of the publication of the draft Report and before the final Report is laid before the House of Commons. The Secretary of State will then revoke the designation.

Local authorities should be aware that once a designation has been made it cannot be amended so if a local authority chooses to exercise the option to withdraw from the pooling arrangement it will mean that the pool cannot continue. In those circumstances the local authorities who had been designated as members of that pool would revert to individual positions.

It is a requirement that any pooling arrangement has a properly document Governance Agreement in place between the parties. Pools will continue from year to year until a designation is revoked.

In designating a pool for 2014-15, the Department will attach conditions to the designation in accordance with paragraph 35(1) of Schedule 7B to the Local Government Finance Act 1988, appointing a lead authority and requiring the authority to take the steps set out in its application in the event that the pool is dissolved. It also reserves the right to attach such other conditions as it sees fit, in accordance with paragraph 35(2) of Schedule 7B. If the Department attaches conditions these are likely to be around the publication of information by the lead authority in the interests of transparency. The Department also reserves the right to modify or remove conditions at any point in the future, as becomes necessary.

The Government is clear that pooling should be voluntary, and this means that members of a pool should be able to leave a pool should they decide is no longer in their interests. Where an authority that is a member of the pool requests that it is dissolved, the Secretary of State must revoke but will first inform the members of the pool and other persons affected. A request to dissolve a pool can be made anytime during the year, however the effect will be felt in the following financial year. This is because it is too disruptive to dissolve part way through the year, so once a pool has been designated and the Local Government Finance Report laid, it is therefore indissoluble for the entire period of the financial year.

If a pool is dissolved, members of a pool will return to their individual tariff, top-up and levy amounts. Pools will need to ensure that they have arrangements in place in the event of dissolution, so that there is an agreed way of apportioning levy payments and safety net payments (which will not be known until the end of the financial year).

Local Environment – not applicable

Resources – contained within the main body of the report

Growth	Baseline (2013/14)	Business Rates Baseline per 13/14 headline amounts	Spending Baseline per 13/14 headline amounts	Tariff/Top-up	Individual Levy Rates	Local Share of 2013/14 Collected Rates - Shared between tiers per NNDR1	Rates Allocation +/- Top-up/Tariff	Safety Net Threshold	Safety Net Payment?	Anticipated growth over Baseline	Retained Growth No Pool	Allocated Growth - No Pooling	Levy? (Payable to Central Govt)	**Retained Income without Pooling**	50% of levy retained by districts	50% allocated on Baseline Headline Amounts	Allocated Growth - Pooling	**Retained Income by Pooling**
		£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	**£m**
															50%	50%		
0%	Cumbria	18.392	77.617	59.225	0.0%	18.609	77.835	71.796	0.000			0.150	0.000	**0.150**		0.649	0.150	**0.800**
0%	Allerdale	9.829	3.193	(6.636)	50.0%	10.428	3.792	2.954	0.000	0.599	0.299	0.269	0.299	**0.269**	0.150	0.027	0.269	**0.446**
0%	Barrow-in-Furness	8.779	2.734	(6.045)	50.0%	9.453	3.408	2.529	0.000	0.674	0.337	0.304	0.337	**0.304**	0.169	0.023	0.304	**0.495**
0%	Carlisle	15.856	2.914	(12.942)	50.0%	15.993	3.051	2.695	0.000	0.137	0.069	0.062	0.069	**0.062**	0.034	0.024	0.062	**0.120**
0%	Copeland																	
0%	Eden	7.673	1.499	(6.174)	50.0%	8.352	2.178	1.386	0.000	0.679	0.340	0.306	0.340	**0.306**	0.170	0.013	0.306	**0.488**
0%	South Lakeland	15.540	1.965	(13.575)	50.0%	16.460	2.885	1.817	0.000	0.920	0.460	0.414	0.460	**0.414**	0.230	0.016	0.414	**0.660**
		76.069	**89.922**	**13.853**	**0.0%**	**79.295**	**93.149**	**83.178**	**0.000**	**3.009**	**1.505**	**1.505**	**1.505**	**1.505**	**0.752**	**0.752**	**1.505**	**3.009**

Growth	Carlisle Only	Business Rates Baseline per 13/14 headline amounts	Spending Baseline per 13/14 headline amounts	Tariff/Top-up	Individual Levy Rates	Local Share of 2013/14 Collected Rates - Shared between tiers per NNDR1	Rates Allocation +/- Top-up/Tariff	Safety Net Threshold	Safety Net Payment?	Anticipated growth over Baseline	Retained Growth No Pool	Allocated Growth - No Pooling	Levy? (Payable to Central Govt)	**Retained Income without Pooling**	50% of levy retained by districts	50% allocated on Baseline Headline Amounts	Allocated Growth - Pooling	**Retained Income by Pooling**
		£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	**£m**
															50%	50%		
0%	Cumbria	18.392	77.617	59.225	0.0%	18.609	77.835	71.796	0.000			0.166	0.000	**0.166**		0.718	0.166	**0.885**
0%	Allerdale	9.829	3.193	(6.636)	50.0%	10.428	3.792	2.954	0.000	0.599	0.299	0.269	0.299	**0.269**	0.150	0.030	0.269	**0.449**
0%	Barrow-in-Furness	8.779	2.734	(6.045)	50.0%	9.453	3.408	2.529	0.000	0.674	0.337	0.304	0.337	**0.304**	0.169	0.025	0.304	**0.497**
2%	Carlisle	15.856	2.914	(12.942)	50.0%	16.313	3.371	2.695	0.000	0.457	0.229	0.206	0.229	**0.206**	0.114	0.027	0.206	**0.347**
0%	Copeland																	
0%	Eden	7.673	1.499	(6.174)	50.0%	8.352	2.178	1.386	0.000	0.679	0.340	0.306	0.340	**0.306**	0.170	0.014	0.306	**0.489**
0%	South Lakeland	15.540	1.965	(13.575)	50.0%	16.460	2.885	1.817	0.000	0.920	0.460	0.414	0.460	**0.414**	0.230	0.018	0.414	**0.662**
		76.069	**89.922**	**13.853**	**0.0%**	**79.615**	**93.468**	**83.178**	**0.000**	**3.329**	**1.665**	**1.665**	**1.665**	**1.665**	**0.832**	**0.832**	**1.665**	**3.329**

Growth	All	Business Rates Baseline per 13/14 headline amounts	Spending Baseline per 13/14 headline amounts	Tariff/Top-up	Individual Levy Rates	Local Share of 2013/14 Collected Rates - Shared between tiers per NNDR1	Rates Allocation +/- Top-up/Tariff	Safety Net Threshold	Safety Net Payment?	Anticipated growth over Baseline	Retained Growth No Pool	Allocated Growth - No Pooling	Levy? (Payable to Central Govt)	**Retained Income without Pooling**	50% of levy retained by districts	50% allocated on Baseline Headline Amounts	Allocated Growth - Pooling	**Retained Income by Pooling**
		£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	**£m**
															50%	50%		
2%	Cumbria	18.392	77.617	59.225	0.0%	18.981	78.207	71.796	0.000			0.211	0.000	**0.211**		0.911	0.211	**1.122**
2%	Allerdale	9.829	3.193	(6.636)	50.0%	10.637	4.001	2.954	0.000	0.807	0.404	0.363	0.404	**0.363**	0.202	0.037	0.363	**0.602**
2%	Barrow-in-Furness	8.779	2.734	(6.045)	50.0%	9.642	3.597	2.529	0.000	0.864	0.432	0.389	0.432	**0.389**	0.216	0.032	0.389	**0.637**
2%	Carlisle	15.856	2.914	(12.942)	50.0%	16.313	3.371	2.695	0.000	0.457	0.229	0.206	0.229	**0.206**	0.114	0.034	0.206	**0.354**
2%	Copeland																	
2%	Eden	7.673	1.499	(6.174)	50.0%	8.519	2.345	1.386	0.000	0.846	0.423	0.381	0.423	**0.381**	0.212	0.018	0.381	**0.610**
2%	South Lakeland	15.540	1.965	(13.575)	50.0%	16.789	3.214	1.817	0.000	1.249	0.624	0.562	0.624	**0.562**	0.312	0.023	0.562	**0.897**
		76.069	**89.922**	**13.853**	**0.0%**	**80.881**	**94.734**	**83.178**	**0.000**	**4.223**	**2.112**	**2.112**	**2.112**	**2.112**	**1.056**	**1.056**	**2.112**	**4.223**

Growth	Negative Growth (All)	Business Rates Baseline per 13/14 headline amounts	Spending Baseline per 13/14 headline amounts	Tariff/Top-up	Individual Levy Rates	Local Share of 2013/14 Collected Rates - Shared between tiers per NNDR1	Rates Allocation +/- Top-up/Tariff	Safety Net Threshold	Safety Net Payment?	Anticipated growth over Baseline	Retained Growth No Pool	Allocated Growth - No Pooling	Levy? (Payable to Central Govt)	**Retained Income without Pooling**	50% of levy retained by districts	50% allocated on Baseline Headline Amounts	Allocated Growth - Pooling	**Retained Income by Pooling**
		£m	£m	£m	%	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	£m	£m	**£m**
															50%	50%		
-2%	Cumbria	18.392	77.617	59.225	0.0%	18.237	77.462	71.796	0.000			0.081	0.000	**0.081**		0.427	0.081	**0.508**
-2%	Allerdale	9.829	3.193	(6.636)	50.0%	10.219	3.583	2.954	0.000	0.390	0.195	0.175	0.195	**0.175**	0.097	0.018	0.175	**0.291**
-2%	Barrow-in-Furness	8.779	2.734	(6.045)	50.0%	9.264	3.219	2.529	0.000	0.485	0.243	0.218	0.243	**0.218**	0.121	0.015	0.218	**0.355**
-2%	Carlisle	15.856	2.914	(12.942)	50.0%	15.673	2.731	2.695	0.000	(0.183)	(0.183)	(0.164)	0.000	**(0.164)**	0.000	0.016	(0.164)	**(0.148)**
-2%	Copeland																	
-2%	Eden	7.673	1.499	(6.174)	50.0%	8.185	2.011	1.386	0.000	0.512	0.256	0.231	0.256	**0.231**	0.128	0.008	0.231	**0.367**
-2%	South Lakeland	15.540	1.965	(13.575)	50.0%	16.131	2.555	1.817	0.000	0.591	0.295	0.266	0.295	**0.266**	0.148	0.011	0.266	**0.424**
		76.069	**89.922**	**13.853**	**0.0%**	**77.709**	**91.563**	**83.178**	**0.000**	**1.796**	**0.807**	**0.807**	**0.989**	**0.807**	**0.495**	**0.495**	**0.807**	**1.796**

INDIVIDUAL PORTFOLIO HOLDER DECISIONS

Below is a list of decisions taken by Individual Portfolio Holders acting under delegated powers:

REF: **PF.006/13** **Financial Assistance to Parish Councils 2013/14**

Decision of Councillor Dr Les Tickner

Portfolio Finance, Governance and Resources

Subject Matter

To consider a report from the Director of Resources on the grant distribution to the Parish Councils as a contribution towards the cost of concurrent services provided by the parishes 2013/14.
Following the formula agreed with the Parish Councils, the total precepted levels for 2012/13 made by the Parish Councils totalled £444,825 and after deducting certified burial expenditure of £4,725 there is a balance of £440,100 on which a general grant in respect of concurrent services can be paid. Grant on burial expenditure at 40% absorbed £1,890 of the available grant leaving a balance of £55,110 which represented a rate of 12.39% for the general grant in respect of concurrent services.
A schedule of grants payable to Parish Councils for 2013/14 was appended to the report.

Summary of Options rejected

None

DECISION

That the schedule of grants payable to Parish Councils for 2013/14 totalling £57,000 as appended to report RD.35/13 be approved.

Reasons for Decision

The distribution is based upon the formula first agreed in approximately 1982 between the City Council and Parish Councils Association. The total allocation is based upon the approved budget allocation for 2013/14 of £57,000.

Date Decision Made

08/08/2013

Implementation Date:

REF: PF.007/13 Armed Forces and Community Covenant

Decision of Councillor Jessica Riddle

Portfolio Communities and Housing

Subject Matter

The Armed Forces Covenant is an agreement to be signed between the Armed Forces in Cumbria and the public and third Sector in Cumbria. Carlisle City Council is invited to sign the Covenant as a voluntary act of support.

Summary of Options rejected

None

DECISION

To sign the Armed Forces Covenant

Reasons for Decision

Voluntary statement of mutual support

Date Decision Made

05/08/2013

Implementation Date:

OFFICER DECISIONS

Below is a list of decisions taken by Officers which they have classed as significant:-

REF: **OD.023/13** **O&S Chairs Training - Member Training**

Decision of Emma Titley, Organisational Development Manager

Portfolio: Finance, Governance and Resources

Subject Matter:

To allow Councillor Mrs Bowman to attend the O&S Chairs Training at Kendal Town Hall on Wednesday 14 August 2013 at a cost of £50

Summary of Options rejected:

Not to attend

DECISION:

That Councillor Mrs Bowman be authorised to attend the O&S Chairs Training at Kendal Town Hall on Wednesday 14 August 2013 at a cost of £50

Reasons for Decision:

Appropriate event for elected Members - sufficient training budget (Corporate Member Training) to accommodate

Date Decision Made : 05-Aug-13

REF: **OD.024/13** **Planning Summer School - Member Training**

Decision of Emma Titley, Organisational Development Manager

Portfolio: Finance, Governance and Resources

Subject Matter:

To allow Councillors Mrs Parsons and Mrs Warwick to attend the Planning summer School at Leeds University on 6-9 September 2013 at a cost of £1680

Summary of Options rejected:

Not to attend

DECISION:

That Councillors Mrs Parsons and Mrs Warwick be authorised to attend the Planning summer School at Leeds University on 6-9 September 2013 at a cost of £1680

Reasons for Decision:

Appropriate event for elected Members - sufficient training budget (Executive) to accommodate

Date Decision Made : 05-Aug-13

A.8

JOINT MANAGEMENT TEAM

1st July 2013
MINUTES

Present:	Councillors Colin Glover (Chair), E Martlew, A Quilter, J Riddle and L Tickner
	D Crossley, A Culleton, K Gerrard, J Gooding, M Lambert, P Mason and J Meek
Apologies:	

JMT36/13– JMT minutes of previous meeting 18th June 2013
The minutes of this meeting were agreed as a true and accurate record.
JMT 37/13 – Sports Facilities Strategy
Keith Gerrard presented this item and briefed JMT on the story so far including information around key sites and costs as well as recommendations contained within the consultants' report. This work is at the stage of clarifying the next steps which include agreeing a vision for sport; development of Sports Facilities Strategy to include Carlisle City Council funded priorities and an options appraisal. It was agreed that the Sports Facilities Strategy will come to a future meeting of JMT. It was agreed that it would be useful for K Gerrard to speak to adjoining Cumbrian authorities to see what their plans are. D Crossley requested that the Strategy not only includes City Council funded priorities but details around the wider picture of what is required in Carlisle as a whole. **ACTION: K Gerrard**
JMT 38/13 – Public Realm Programme
Jane Meek updated JMT on proposals for public realm across the City through the establishment of a programme of initiatives and priorities to maximise outcome. It was noted that £100K has been allocated for this work in the capital programme. Sense of Place branding will be reflected throughout this work and residents of Rickergate have been consulted with. J Meek confirmed that she will look into sponsorship opportunities and J Gooding suggested getting the city centre business on board with a view to a financial contribution to the proposed public realm improvements. The City Council will consider examples of best practice when moving this work forward including Oxford and Nottingham A Task & Finish Group has been set up and will meet in July 2013 **ACTION: J Meek**
JMT 39/13 – Individual Electoral Registration
Mark Lambert circulated copies of the above named report. JMT were assured that all was on track with this key piece of work and if they had any queries or comments to contact Mark Lambert with these. **ACTION: Mark Lambert**

JMT 40/13 – Notice of Executive Key Decisions	
The Notice of Executive Key Decisions was noted.	**ACTION: None**
JMT 41/13 Forward Plan of Executive Decisions The Forward Plan of Executive Decisions was noted	
JMT 42/13 Forward Plan of JMT The JMT Forward Plan was noted and no amends were made	
JMT 43/13 Any Other Business No issues were raised	

EXCERPT FROM THE MINUTES OF THE ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL HELD ON 25 JULY 2013

EEOSP.51/13 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.18/13 which provided an overview of matters related to the work of the Environment and Economy Overview and Scrutiny Panel. Details of the latest version of the work programme and Key Decision items relevant to the Panel were also included.

The Overview and Scrutiny Officer reported that:

- The Notice of Key Executive Decisions had been published on 5 July 2013. The items that related to the work of this Panel were:
  - KD.01/13 – Purple Sacks Review – this issue had been considered by the Panel at their meeting on 8 May 2013 and would be considered again by the Executive at their meeting on 5 August 2013.
  - KD.019/13 – Agency Agreements for the Enforcement of On and Off Street Parking – the Executive would be asked to consider options in relation to potential new agency agreements with Cumbria County Council and Eden District Council for the enforcement of on and off street parking in their relevant areas at their meeting scheduled for 5 August 2013.
  - KD.018/13 – Play Area Review – this matter would be considered by the Community Overview and Scrutiny Panel and had been included as an item for the Environment and Economy Panel in error.

- The following Minute Excerpts had been received from the Executive's meeting held on 1 July 2013 and were included in an appendix to the report:
  - Minute Excerpt EX.68/13 – Carlisle District Local Plan 2015-2030 – Preferred Options
  - Minute Excerpt EX.74/13 – 2012/13 Summary of Service Standards.

- Task and Finish Groups – The final report of the Talkin Tarn Task and Finish Group was presented to the Executive at their meeting on 31 May 2013. The Panel were asked to consider future dates for monitoring of the implementation of the recommendations and indicated that an update on the recommendations made by the Panel were attached to the report as an appendix.

- *Members were concerned that the recent spell of good weather may lead to some complacency regarding the recommendations.*

The Environment and Transport Portfolio Holder advised that the Executive would look at the whole aspect of Talkin Tarn and believed that there would be an improvement in sales for the coming year. The franchise for the boats was going well and the income on the tea room had increased. The main issue now was how to promote the Tarn outside of the area. The Portfolio Holder believed that Brampton railway station was too far away from the Tarn for people to walk there and people in Brampton already knew about and used the area. The Portfolio Holder advised that she was meeting with bus companies on a different matter but that she would ask them to investigate how Talkin Tarn could be better routed by the bus companies.

- *Would it be possible to have a leaflet about the Tarn?*

The Director of Local Environment advised that she would look at the cost of producing leaflets and added that information was already included in the Carlisle Focus magazine. There was no budget currently available to produce a leaflet but she would look at how the production of leaflets could be financed.

- *A Member had visited Talkin Tarn and was disappointed in the condition of the area. He believed that was a result of not having an Officer on site at all times.*

The Director of Local Environment advised that there was a vacant post within the Green Spaces Team but it was not based at Talkin Tarn. There was also another vacant post in the Directorate and due to budget pressures within the Directorate a decision would have to be made about which post to fill. A review was underway that would inform that decision. The Director was aware that there were potholes on the road leading to the car park and advised that the work to repair the road was currently out to tender. Although there was no dedicated Officer on site the Director confirmed that the site was visited by an Officer on a daily basis.

- *There should be more marketing than just on the Council's website about Talkin Tarn but the area needed to be in a good state of repair when people visited. The Member suggested leaflets could be placed in newspapers in the North East.*

The Environment and Transport Portfolio Holder believed that marketing was also required in the City and that local people should be encouraged to use the facility. One good marketing scheme was the "Love Where You Live" campaign which had been on the back of local buses.

- *What is the current situation regarding blue/green algae?*

The Director of Local Environment advised that it would never be possible to eradicate the algae altogether but it was currently at a safe level. The levels were monitored and warnings raised if the level became unsafe. The Director added that the current warm weather followed by heavy rain had provided the ideal conditions for the increase in the levels of the algae.

In response to a query from a Member the Director confirmed that there was nothing that the Council could do in relation to the condition of the former Tarn End Hotel as it was not in City council ownership.

- *Would it be possible to use the area for outdoor performances by schools?*

The Environment and Transport Portfolio Holder advised that outdoor performances where held at Kirklinton Hall and Lanercost but they were weather dependent. The Council had to be careful about what it promoted at the Tarn as it was primarily an area of beauty and tranquillity.

- *Would it be possible to re-energise the Friends of the Tarn group?*

The Director of Local Environment advised that she would consult with the Neighbourhoods and Green Spaces Manager on how best to do that.

- *Would it be useful to have more marketing about Talkin Tarn at Brampton station?*

The Environment and Transport Portfolio Holder believed that if there were sufficient people getting off the train to go to the Tarn it may be useful but she believed that most people used the train to go to the North East and to get to school and work. People leaving the train at Brampton would need additional transport to take them to the Tarn.

- *With regard to the campsite, a Member was pleased that the Executive would consider that facility but reminded the Panel that initially it had been stated that all facilities at the Tarn would be free of charge. Since then charges for car parking had been introduced.*

- *The menu at the tea room needed to reflect what the people visiting Talkin Tarn wanted. It had been suggested that a discount in the tea room could be offered on the car parking ticket.*

The Environment and Transport Portfolio Holder believed that it was difficult to please locals and visitors to the Tarn as their needs were different, and the emphasis of the tea room was to visitors. The Portfolio Holder suggested that the menu could be changed to attract locals to use the tea room more frequently.

The Director of Local Environment reminded Members that car parking was free at the Tarn during the morning so those visitors would not have a car parking ticket to get any discount in the tea room.

- *A lot of local people did not know about Talkin Tarn so more needed to be done locally. The Member suggested putting notices in Community Centres and church halls as well as notice boards in the City Centre.*

The Director of Local Environment confirmed that an update on the implementation of the recommendations would be submitted to the meeting in January 2014 and that Officers would look at marketing and the franchising of the tea room.

- Work Programme – The Overview and Scrutiny Officer presented the current work programme and advised that a number of issues for scrutiny had been suggested. These included back lanes, dog fouling, fly-tipping, recycling, cycling and an update on the Love Where You Live campaign. Members agreed that a task group should be established to consider recycling issues.

  - *The Tourist Information Centre Task and Finish Group was already established and their work could be expanded to look at tourism in general.*

  The Overview and Scrutiny Officer advised that a report on tourism would be submitted to the Panel at their meeting in September 2013 so it may be prudent to wait until that meeting to determine what issues would need to be considered by a Task and Finish Group.

  - *A Member asked for an update on the University's Business Interaction Centre?*

  The Deputy Chief Executive advised that there had been a request for consultation and the tasks had been completed. Officers were working on the report to identify the improvements that had been carried out. He confirmed that a report would be submitted to the Panel at the next meeting and suggested that Members may like a tour of the Centre to see the improvements.

RESOLVED –1) That, subject to the issues raised above, the Overview Report incorporating the Work Programme and Forward Plan items relevant to this Panel be noted.

2) KD.019/13 – Agency Agreements for the Enforcement of On and Off Street Parking – the Executive would be asked to consider options in relation to potential new agency agreements with Cumbria County Council and Eden District Council for the enforcement of on and off street parking in their relevant areas at their meeting scheduled for 5 August 2013.

3) That reports on the implementation of the recommendations from the Talk Tarn Task and Finish Group would be considered at the meeting of the Panel on 16 January 2014.

4) That the Executive be asked to consider looking at marketing of Talkin Tarn and consider a franchise for the tea-room.

5) That a report on the Business Interaction Centre be submitted to the next meeting of the Panel and a tour of the Centre by the Panel to see the improvements to date be arranged.

6) That Councillors Mrs Bowman, Bowditch, Nedved and Whalen volunteered to take part in a Task and Finish Group to look at recycling to determine how it had changed since it was introduced and how recycling differed between rural and urban areas.