

## **2019/20 BUDGET PROCESS**

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

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

Executive	12 November 2018
Health and Wellbeing Scrutiny Panel	15 November 2018
Economic Growth Scrutiny Panel	22 November 2018
Business and Transformation Scrutiny Panel	29 November 2018
Executive (Special)	3 December 2018
Executive	10 December 2018
Business and Transformation Scrutiny Panel	3 January 2019
Executive	16 January 2019
Council (Special)	5 February 2019



# 2019/20 BUDGET REPORTS

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# Report to Executive

Agenda  
Item:

**A.1(a)**

Meeting Date: 12 November 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2019/20 TO 2023/24  
Report of: CORPORATE DIRECTOR OF FINANCE & RESOURCES  
Report Number: RD22/18

## Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2018/19, together with base estimates for 2019/20 and forecasts up to 2023/24 for illustrative purposes. Potential new spending pressures and savings are also considered in this report. It should be noted that the figures in this report are indicative and the final position is subject to decisions being taken further in the budget process.

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

## Recommendations:

The Executive is requested to:

- (i) note the revised base estimates for 2018/19 and base estimates for 2019/20;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2019/20 budget process;
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix G and make appropriate recommendations to Council.

## Tracking

Executive:	<b>12 November 2018, 10 December 2018</b>
Scrutiny:	<b>BTSP 29/11/18; HWSP 15/11/18; EGSP 22/11/18</b>
Council:	<b>5 February 2019 (Budget Resolution)</b>

## **1. INTRODUCTION**

- 1.1. This report considers the revised base estimates for 2018/19 together with the estimates for 2019/20. The report also sets out any known revisions to the Medium Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the following Policy documents that were approved by Council on 11 September 2018:
  - ◆ Medium Term Financial Plan and Charging Policy
  - ◆ Capital Strategy
  - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular, the following are key to the budget process and details on these will be considered as the budget process progresses:
  - Government Finance Settlement - Business Rate Retention and Fair Funding Review including the potential future re-set of the Business Rates baseline sum;
  - Achievement of the Savings Strategy;
  - Further reductions in government grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
  - Future borrowing requirements;
  - Commercial and investment opportunities.
- 1.4. The report draws on information contained in a number of reports that are being considered elsewhere on this agenda. The principal budget reports have been listed in **Appendix A**.
- 1.5. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies, and probable use of reserves, to enable a balanced budget position to be recommended to Council in February 2019.

## **2. SUMMARY OF BASE BUDGET ESTIMATES**

- 2.1. The base estimates are calculated on the assumption that core services will continue at approved levels incorporating decisions agreed by Council as part of the previous year's budget process and including all subsequent decisions made by Council.

2.2. The table below sets out the base level General Fund requirement for 2018/19 and 2019/20 with projections to 2023/24. The 2018/19 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	2018/19 Original £000	2018/19 Revised £000	2019/20 Original £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000
Net Base Budget Parish Precepts (PP)	12,096 613	13,600 613	11,922 628	11,608 644	11,759 660	12,284 677	12,615 694
<b>Total</b>	<b>12,709</b>	<b>14,213</b>	<b>12,550</b>	<b>12,252</b>	<b>12,419</b>	<b>12,961</b>	<b>13,309</b>
Original MTFP Projections	12,709	12,709	12,550	12,252	12,419	12,961	13,309
<b>Variance</b>	<b>0</b>	<b>1,504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of Variance:</b>							
Non-Recurring:							
Central Plaza		650					
Planning Services Reserve		(58)					
Revenue Grants Reserve		701					
Prosecutions Reserve		15					
Building Control Reserve		35					
Cremator Reserve		(44)					
Car Park Enhancement Reserve		107					
Promoting Carlisle Reserve		10					
Carry Forward Reserve		55					
City Centre Reserve		33					
<b>Total Variance</b>	<b>0</b>	<b>1,504</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that a number of income streams are reporting variances against projected levels in the current financial year and there may be other cost pressures or savings which may have a recurring impact; however, officers are reviewing the existing base budget provisions to ensure that the services can be provided within these provisions with the position for 2019/20 onwards being considered during this budget process.

- 2.4. **Appendix B** details the movements between the Original Budget for 2018/19 and the Original Budget for 2019/20 incorporating all decisions made by the Council to date.

### 3. UPDATED MTFP PROJECTIONS

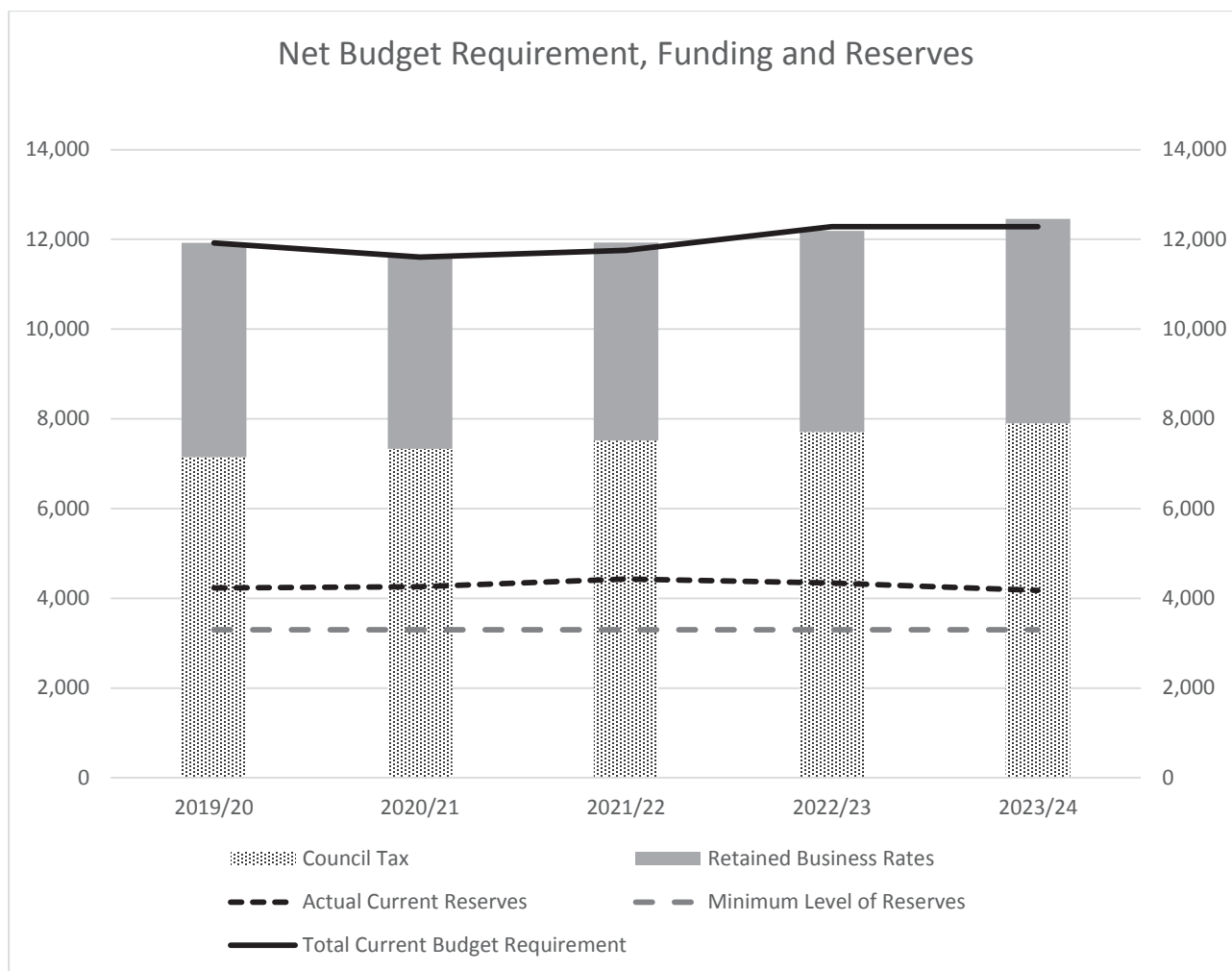
- 3.1 The budget projections as currently forecast in the MTFP are summarised in Table 2 below:

Table 2 – Current Budget projections

	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Transfers Between Reserves £000	Total £000
2018/19	(502)	(81)	711	0	128
2019/20	642	(641)	0	0	1
2020/21	664	(696)	0	0	(32)
2021/22	52	(223)	0	0	(171)
2022/23	58	36	0	0	94
2023/24	163	0	0	0	163

- 3.2 The main changes to the budget are detailed at paragraph 2. The revised estimates for 2018/19 will be recommended to Council as part of the budget process.
- 3.3 The chart below shows the current net budget position in relation to current funding projections and current levels of general fund reserves.





## 4. OUTSTANDING KEY ISSUES

### 4.1. Revenue Support Grant (RSG)

The figures incorporated into this report are based on the 2018/19 Local Government Finance Settlement confirmed by the Secretary of State in January 2018 and are based upon the acceptance of the offer of a four-year funding settlement. RSG has been phased out and is completely removed by 2019/20.

### 4.2. Retained Business Rates and Council Tax Reduction Scheme

The draft budget assumes that the Council will continue to be a member of the Cumbria Business Rates Pool for 2019/20 and that the Council Tax Reduction Scheme parameters will continue as outlined elsewhere on this agenda.

Further details on the Government announcement that Local Authorities will retain 75% of Business Rates from 2020 are still unknown although more details are slowly emerging with applications being sought from areas to participate in a pilot of 75% retention in 2019/20. Cumbria has submitted an application to be a part of this pilot with the outcome likely to be known in early November. It is expected that the

referendum limit will remain for Council Tax increases, however, District Councils are being given the option of raising Council Tax by the greater of 2% or £5. Further details on Local taxation are considered elsewhere on this agenda in report RD24/18.

#### 4.3. **Transformation**

The current MTFP includes budgeted recurring savings of £1.237million for the transformation programme, to be found in 2018/19. Details of the areas where the savings will be made are detailed in **Appendix C**. This also includes the savings required from the current base budget review.

#### 4.4. **Resource Assumptions**

Contributions from balances include all approvals to date but make no assumptions on further contributions from balances to support the budget from 2019/20 onwards. The resources projections assume:

- No Revenue Support Grant from 2019/20 onwards as a result of the phasing out as part of the four-year settlement.
- A £5 (Band D equivalent) Council Tax increase for 2019/20 onwards.
- A Council Tax Surplus for 2019/20 onwards of £50,000. The actual figure for 2019/20 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £1,400,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2019/20 falling to £900,000 in 2020/21 due to uncertainties about how the revised Business Rate Retention Scheme will work.
- An assumed tax base of 33,419.44 for 2019/20. The final tax base for 2019/20 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2019/20 is for a total of £628,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

### 5. **POTENTIAL NEW SPENDING PRESSURES**

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

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

**5.2 Economic Investment Initiatives – Additional Expenditure - £250,000 non-recurring pressure**

This pressure relates to economic investment initiatives that the Council wishes to pursue, such as Business Support, Carlisle Ambassadors, St Cuthberts Garden Village, Business Improvement District, promotion of Central Plaza redevelopment opportunities.

**5.3 Borderlands – Additional Expenditure - £50,000 non-recurring pressure**

In order to progress the schemes and detailed business cases for the development of the Borderlands Initiative, additional funding is required to support the joint working of the various partners.

**5.4 Borderlands Project Officer – Additional Expenditure - £53,000 non-recurring pressure**

To fund the continuation of the Project Officer post, for a further 2 years, to support the development of the detailed business cases and progression of the growth deal.

**5.5 Tullie House services – Additional Expenditure - £60,000 recurring pressure**

Tullie House no longer utilises the Council's ICT support, and the agreement with the Trust provides for the Council to contribute towards the costs of an external provider.

**5.6 Asset Disposal Refresh Staffing Resource – Additional Expenditure - £112,000 non-recurring**

The asset disposal programme has been refreshed and has identified assets the Council can dispose of. This will require additional staffing resource to manage this process and realise these sales. It is anticipated that these costs can be offset against the realised capital receipts (up to a maximum of 4% of the receipt) making the pressure self-financed once receipts are realised.

**5.7 Customer Services Resources – Additional Expenditure - £14,000 recurring pressure**

Following a restructure in Customer Services there is a requirement to provide additional resources for front-line staffing to improve the performance of the team and the service provided to customers.

**5.8 ICT Strategy – Additional Expenditure - £15,000 recurring pressure**

It is proposed to enhance the Council's remote access infrastructure for improving mobile working arrangements and making them more secure.

**5.9 Increased Pay Award Provision – Additional Expenditure - £136,000 recurring pressure**

The increase in the pay award provision for 2018/19 and 2019/20 to 2% was included in the 2018/19 budget on a non-recurring basis, however following confirmation of the pay deal, this has a recurring impact and the overall average pay increase amounted to 2.82% for both years.

**5.10 Treasury Management – Additional Expenditure - £604,000 recurring pressure**

Treasury Management projections have been updated to include updates to the Capital programme (contained elsewhere on this agenda) and updated for interest rate forecasts. This pressure includes the potential impact on reserves for all the pressures and savings contained in this report together with the updated borrowing costs for the capital programme, some of which are offset by additional income, e.g. Gateway 44 and Leisure contract.

**5.11 Housing Regeneration – Additional Expenditure - £38,000 recurring pressure**

To fund the recurring costs of the Housing Regeneration Officer which was previously funded from an external grant.

**5.12 Elections – Additional Expenditure - £80,000 non-recurring pressure**

As the City Council will be holding a full election in May 2019. Additional expenditure will be incurred in administering this compared to the normal third of all seats contended.

**5.13 Income and Budget Monitoring Shortfalls – Income shortfalls - £837,000 recurring pressure**

The 2018/19 budget monitoring has identified areas where income targets are not being achieved and where there could be a recurring impact from these. These areas cover:

- City Centre Property rental income (£23,000)
- Lanes rental income (£275,000)
- Rental Income from other properties (£96,000)
- Land Charges Income (£30,000)
- Reduced Income from Recyclates (£164,000)
- Income from advertising (£17,000)
- Development Control Income (£102,000)

- Local Plan Monitoring Fee (£8,000)
- Loss of DWP Funding (£9,000)

There are also some items of additional expenditure that have been highlighted as additional pressures:

- Asset Valuations (£10,000)
- Youth Exchange (£18,000 at the maximum)
- Revenue Financing of Capital (Rethinking Waste) – (£25,000)
- Increased Garden Waste Tipping Charges – (£60,000)

It is proposed that these pressures are funded from a fundamental review of existing base budgets and further work to determine the longer-term impact these could have on the Council. SMT are requested to undertake this review.

## **6. SAVINGS AND ADDITIONAL INCOME PROPOSALS**

6.1 The current MTFP includes a savings requirement to be found by 2019/20 of £1.237million. This savings requirement takes no account of the pressures identified above or the additional savings identified below. The net position of the final pressures and savings identified as part of this budget process may require changes to be made to the overall savings target.

6.2 Further savings/additional income have already been identified in the budget process for 2019/20 as follows:

### **6.3 Gateway 44 Income – Additional Income - £893,000 recurring**

The capital programme and treasury management budgets include the costs associated with the Gateway 44 development opportunity and this additional income is included to recognise the income to be generated once the development is fully let which is anticipated to be in 2022/23.

### **6.4 Leisure subsidy – Additional Income - £309,000 (2023/24)**

The recurring impact of the subsidy achieved through the re-letting of the Leisure Services contract and the Sands Centre redevelopment.

### **6.5 Developer contributions for Southern Relief Road – Additional Income - £to be confirmed**

The estimated contributions to be received from developers as a result of the construction of the Southern Relief Road.

## **7. TREASURY MANAGEMENT AND BORROWING**

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

## **8. PROJECTED IMPACT ON REVENUE BALANCES**

- 8.1 It should be noted that if all of the potential new Savings and Spending Pressures were accepted then reserves may fall below acceptable minimum levels.
- 8.2 The general principles on each of the Reserves are set out in the Medium Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that:

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

- 8.3 The Council’s current levels of balances are set out in **Appendix F** and do **not** include any impact of the proposed pressures and savings outlined in this report. The Projects Reserve will be used as a first call for any projected revenue budget deficit however, maintaining the current level of reserves is dependent upon the achievement of the transformation savings. A risk-based review of reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should be £3.3million due to uncertainties around future funding from Business Rates.

## **9. REVIEW OF RESERVES AND BALANCES**

- 9.1 The requirement for financial reserves is statutory, with the Local Government Finance Act 1992 requiring authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement
- 9.2 The Local Government Finance Act 2003, adds a further requirement that in the case of a controlled reserve (i.e. one specified by the Corporate Director of Finance and Resources), it is not appropriate for the balance of that reserve at the end of the financial year to be less than the minimum amount determined. It requires the Corporate Director of Finance & Resources to report to the authority if it appears that

this is likely to be the case or that a controlled reserve is or is likely to be inadequate, together with the reasons and the action taken.

- 9.3 Whilst it is primarily the responsibility of the local authority and its Corporate Director of Finance and Resources to secure a stable financial position, external auditors have a responsibility to review the proper arrangements in place which secure financial resilience. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.
- 9.4 CIPFA's view on reserves is that local authorities, on the advice of their finance directors, should make their own judgements on such matters taking into account all the relevant local circumstances, and that such circumstances vary.
- 9.5 Within the City Council, it is the full Council who are responsible for agreeing the level and utilisation of reserves, informed by the advice and judgement of the Corporate Director of Finance and Resources. Where the Corporate Director of Finance and Resources advice is not accepted this should be formally recorded in the Council minute.

## **9.6 Types of Reserves**

### **9.6.1 Reserves can be held for three main purposes:**

- (i) A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- (ii) A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
- (iii) A means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.

## **9.7 Current Reserves**

- 9.7.1 The actual reserves as at 31 March 2018 held by the Council are set out in the following table. Further details of each reserve, including its purpose and how and when it can be used is given at **Appendix G**.

	<b>Balance 31/03/2018 £</b>
<b>General Reserves:</b>	
General Fund Reserve	2,000,000
Projects Reserve	2,773,000
Carry Forward Reserve	927,000
<b>Earmarked Reserves:</b>	
Transformation Reserve	150,000
Welfare Reform Reserve	200,000
Building Control Reserve	150,000
Cremator Replacement Reserve	850,000
Car Parking Reserve	107,000
City Centre Reserve	42,000
Economic Investment Reserve	6,000
BRR Volatility Reserve	0
Flood Reserve	2,014,000
Revenues & Benefits Reserve	338,000
Prosecutions Reserve	41,000
Promoting Carlisle Reserve	20,000
Revenue Grants Reserve	1,920,000
Planning Services Reserve	28,000
	<b>11,566,000</b>
<b>Capital Reserves</b>	
Lanes Capital Fund	45,000
GLL Reserve	273,000
Asset Investment Reserve	48,000
	<b>366,000</b>

N.B Balances shown are the rounded balances as per the 2017/18 Balance Sheet.

## 9.8 Review and Potential Release of Reserves

9.8.1 As there are significant budgetary pressures on the Council in the coming years, all reserves have been reviewed to determine if they are adequate, still required and if there are any possibilities for releasing any funds back to General Fund.

9.8.2 **Appendix G** outlines the purpose, management and use of all reserves and provides a proposal as to the future of each reserve. It is proposed that the reserves highlighted at Appendix G totalling £688,000 should be released to the General Fund as being no longer required for their original purpose or transferred to alternative reserves for future use. These are as follows:

- Revenues & Benefits Reserve - £338,000
- Transformation Reserve - £150,000
- Welfare Reform Reserve - £200,000



It is also proposed to re-designate the Asset Investment Reserve for property initiatives and that the carry forward reserve be re-designated for alternative use as outlined in Appendix G. All changes to reserves (release and re-designation) will be included in the final budget proposals for Council approval.

Members are requested to consider the proposals for inclusion within the final budget proposals.

## **9.9 Other Balances - Provisions**

9.9.1 As well as Earmarked Reserves, the Council also holds a number of Provisions on the Balance Sheet. Provisions are amounts that are set aside as a best estimate of the requirement to settle a present obligation but where the timing of settling that obligation is still unknown. The main provisions held by the Council relate to outstanding insurance claims and outstanding business rate appeals. Where provisions are established, the expected expenditure is charged to general fund in the year the provision is set up and when the liability is incurred, it is then charged directly to the provision on the balance sheet.

### **9.9.2 Current Provisions**

The table below shows the balances on provisions at 31 March 2018.

	<b>Actual Balance 31/03/2018 £</b>
Business Rate Appeals	688,293
Insurance Provision	260,535
Rickergate Ringfenced Account	135,699
Land Charges Provision	131,475
Cemeteries Perpetuity Fund	74,787
Licensing Appeals	20,200
Standards Committee Complaints	10,000
Property Deposits	2,950
Market Hall Deposits	8,819
Enterprise Centre Deposits	7,301
Licensing Deposits	7,161
Bequests	
Local Distress Fund	10,019
Parker Bequest	1,348
District Nursing Bequest	7,184
	<b>1,365,771</b>

## **10. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2019/20 to 2023/24**

- 10.1 The current budget projections for the next five-year period are challenging and continue to show the requirement for substantial savings to be achieved in order to enable the Council to contain its ongoing commitments within available resources.
- 10.2 Notification of Government general and specific grants is received on an individual basis late in the budget process which makes forward planning difficult.
- 10.3 In terms of expenditure pressures, the significant issue affecting the budget is the uncertainty regarding local government funding in terms of business rate retention and any burdens which may transfer as a result.
- 10.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive will make recommendations in this respect in December.
- 10.5 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes.

## **11 CONSULTATION**

- 11.1 Scrutiny Panels will consider this report at their meetings in November and December. Feedback of any comments on the proposals will be made to the Executive in December prior to the Executive issuing their draft budget proposals for wider consultation.

## **12 RECOMMENDATIONS**

The Executive is requested to:

- (i) note the revised base estimates for 2018/19 and base estimates for 2019/20;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2019/20 budget process.
- (iv) Note the review of the earmarked reserves as outlined in paragraph 9 and Appendix G and make appropriate recommendations to Council.

## **13 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

13.1 To ensure that a balanced budget is set.

**Contact Officer:** Steven Tickner **Ext:** 7280

**Appendices attached to report:**

- Appendix A – Principal Reports considered in budget process to date**
- Appendix B – Movements between Original budget 2018/19 and Original budget 2019/20**
- Appendix C – Proposals for Transformational Savings**
- Appendix D - Existing Expenditure Commitments**
- Appendix E – Existing Resource Projections**
- Appendix F – Council Reserves**
- Appendix G – Review of Reserves and Balances**

**Note:** in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

### **CORPORATE IMPLICATIONS:**

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

**Finance** – contained within the body of the report

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

**PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE**

Report Ref	Date	Title
RD13/18	11/09/18	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2019/20 to 2023/24
RD14/18	11/09/18	Capital Strategy 2019/20 to 2023/24
GD66/18	11/09/18	Asset Management Plan 2018 - 2023
ED28/18	20/08/18	Carlisle Southern Link Road – Delivery Funding
ED32/18	25/09/18	Borderlands Update
RD22/18	12/11/18	Budget Update – Revenue Estimates 2019/20 to 2023/24
RD23/18	12/11/18	Provisional Capital Programme 2019/20 to 2023/24
GD77/18	12/11/18	Charges Review – Licensing
GD72/18	12/11/18	Charges Review – Governance & Regulatory Services
CS31/18	12/11/18	Charges Review – Community Services
ED37/18	12/11/18	Charges Review – Economic Development
GD78/18	12/11/18	Corporate Assets – 3 Year Repair and Maintenance Programme

**MOVEMENTS BETWEEN ORIGINAL BUDGET 2018/19 & ORIGINAL BUDGET 2019/20**

	£	£
<b>Updated Original Estimate 2018/19</b>	<b>12,096,000</b>	
Carry Forwards 2017/18	<b>(711,000)</b>	
<b>Original Estimate 2018/19</b>		<b>11,385,000</b>
<u>Impact of 2018/19 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	34,800	
Leisure Contract Subsidy	278,800	
Pay Award/Living Wage	14,000	
Supporting People Contract	(17,000)	
Events Sponsorship Income	(20,000)	
Treasury Management	244,100	
Rural Services Delivery Grant	36,300	
Carry forward from 2015/16	(9,800)	
Community Infrastructure Levy	(30,000)	
MRP Review	(44,000)	
Pension Fund Revaluation	21,000	
IT Strategy & Budget Pressures	77,000	
Bring Site Savings	(31,000)	
Economic Development Initiatives	(235,000)	
Grant to Carlisle Food Bank	(5,000)	
		314,200
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		223,400
<b>Original Estimate 2019/20</b>		<b>11,922,600</b>

**UPDATE ON SAVINGS**

Savings Target	Service Area	Target	Achieved	(Overachieved)/ Outstanding	Comments
<b>Net position up to end 2016/17</b>		<b>0</b>	<b>0</b>	<b>23,000</b>	
<b>Net Position up to end 2017/18</b>		<b>795,000</b>	<b>395,000</b>	<b>400,000</b>	
Savings Target	Service Area	Target	Achieved	(Overachieved)/ Outstanding	Comments
2018/19	Leisure Subsidy	329,000	329,000	0	
	Income from Assets	1,000,000	419,900	580,100	
	Voluntary Redundancy /				
	Vacancy Management	150,000	23,800	126,200	
<b>Net Position 2018/19</b>		<b>1,479,000</b>	<b>772,700</b>	<b>706,300</b>	
<b>Net Recurring Position</b>		<b>2,274,000</b>	<b>1,167,700</b>	<b>1,129,300</b>	
<b>Base Budget Review</b>		<b>403,000</b>	<b>295,200</b>	<b>107,800</b>	
<b>Net Recurring Position</b>		<b>2,677,000</b>	<b>1,462,900</b>	<b>1,237,100</b>	

**EXISTING EXPENDITURE COMMITMENTS**

EXPENDITURE PROJECTION	2018/19		2019/20 Estimate £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000
	Original Estimate £000	Revised Estimate £000					
<b>Core Expenditure:</b>							
Core Base Expenditure	9,753	9,753	10,406	10,995	11,362	11,729	12,469
Treasury Management	1,086	1,086	1,286	921	865	696	696
Inflation Projection	229	229	225	367	367	367	367
2018/19 agreed Savings	(29)	(29)	(60)	(360)	(452)	(452)	(452)
2018/19 agreed Spending	427	427	706	381	(160)	(92)	(465)
2018/19 Budget Changes	0	0	0	0	0	0	0
<b>Total Core Expenditure</b>	<b>11,466</b>	<b>11,466</b>	<b>12,563</b>	<b>12,304</b>	<b>11,982</b>	<b>12,248</b>	<b>12,615</b>
<b>Non Recurring Exp:</b>							
Pre 2018/19 approvals	(323)	(323)	(690)	(585)	(124)	0	0
2018/19 agreed Savings	(154)	(154)	(111)	(111)	(99)	36	0
2018/19 agreed Spending	396	396	160	0	0	0	0
Carry Forwards	711	711	0	0	0	0	0
Use of Earmarked Reserves	0	854	0	0	0	0	0
Use of General Fund	0	650	0	0	0	0	0
<b>Total non Recurring Expenditure</b>	<b>630</b>	<b>2,134</b>	<b>(641)</b>	<b>(696)</b>	<b>(223)</b>	<b>36</b>	<b>0</b>
<b>Total City Council Budget Requirement</b>	<b>12,096</b>	<b>13,600</b>	<b>11,922</b>	<b>11,608</b>	<b>11,759</b>	<b>12,284</b>	<b>12,615</b>
<b>Parish Council Precepts</b>	<b>613</b>	<b>613</b>	<b>628</b>	<b>644</b>	<b>660</b>	<b>677</b>	<b>694</b>
<b>Total Requirement</b>	<b>12,709</b>	<b>14,213</b>	<b>12,550</b>	<b>12,252</b>	<b>12,419</b>	<b>12,961</b>	<b>13,309</b>

**EXISTING RESOURCE PROJECTIONS**

RESOURCES PROJECTION	2018/19 Original Estimate £000	2018/19 Revised Estimate £000	2019/20 Estimate £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000
<b>Projected External Finance:</b>							
- Revenue Support Grant	(449)	(449)	0	0	0	0	0
- Retained Business Rates (inc Pooling)	(4,532)	(4,532)	(4,779)	(4,311)	(4,413)	(4,483)	(4,555)
- Surplus on Collection Fund	(97)	(97)	(50)	(50)	(50)	(50)	(50)
- C/Tax for Parish Precepts	(598)	(598)	(628)	(644)	(660)	(677)	(694)
- Council Tax Yield	(6,905)	(6,905)	(7,092)	(7,279)	(7,467)	(7,657)	(7,847)
<b>Total Income based on £5 Tax increase Projections</b>	<b>(12,581)</b>	<b>(12,581)</b>	<b>(12,549)</b>	<b>(12,284)</b>	<b>(12,590)</b>	<b>(12,867)</b>	<b>(13,146)</b>
<b>Plus Approved Contributions from Balances:</b>							
- Pre 2018/19 non-recurring commitments	81	81	641	696	223	(36)	0
- Pre 2018/19 recurring	502	502	(642)	(664)	(52)	(58)	(163)
Carry Forwards	(711)	(711)	0	0	0	0	0
Use of Earmarked Reserves	0	(854)	0	0	0	0	0
Use of General Fund	0	(650)	0	0	0	0	0
<b>Total Use of Reserves</b>	<b>(128)</b>	<b>(1,632)</b>	<b>(1)</b>	<b>32</b>	<b>171</b>	<b>(94)</b>	<b>(163)</b>
<b>Total Projected Resources</b>	<b>(12,709)</b>	<b>(14,213)</b>	<b>(12,550)</b>	<b>(12,252)</b>	<b>(12,419)</b>	<b>(12,961)</b>	<b>(13,309)</b>



**COUNCIL RESERVES**

Analysis of Council Reserves	Outturn 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000	Projected 31 March 2021 £000	Projected 31 March 2022 £000	Projected 31 March 2023 £000	Projected 31 March 2024 £000
<b>Revenue Reserves</b>							
General Fund Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Projects Reserve	(2,773)	(2,230)	(2,229)	(2,261)	(2,432)	(2,338)	(2,175)
Carry Forward Reserve	(927)	(620)	0	0	0	0	0
Flood Reserve	(2,014)	(2,014)	0	0	0	0	0
Transformation Reserve	(150)	0	0	0	0	0	0
Building Control Reserve	(150)	(150)	(150)	(150)	(150)	(150)	(150)
Cremator Reserve	(850)	(850)	(850)	(850)	(850)	(850)	(850)
Economic Investment Reserve	(6)	0	0	0	0	0	0
Car Parking Reserve	(107)	0	0	0	0	0	0
City Centre Reserve	(42)	0	0	0	0	0	0
Welfare Reform Reserve	(200)	0	0	0	0	0	0
Revenues & Benefits Reserve	(338)	0	0	0	0	0	0
Revenue Grants Reserve	(1,920)	(1,920)	(1,920)	(1,920)	(1,920)	(1,920)	(1,920)
Planning Services Reserve	(28)	(28)	(28)	(28)	(28)	(28)	(28)
Promoting Carlisle Reserve	(20)	(20)	0	0	0	0	0
Prosecutions Reserve	(41)	(41)	(41)	(41)	(41)	(41)	(41)
<b>Total Revenue Reserves</b>	<b>(11,566)</b>	<b>(9,873)</b>	<b>(7,218)</b>	<b>(7,250)</b>	<b>(7,421)</b>	<b>(7,327)</b>	<b>(7,164)</b>
<b>Capital Reserves</b>							
Usable Capital Receipts	0	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0	0
Unapplied capital grant	(136)	(136)	(136)	(136)	(136)	(136)	(136)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
GLL Reserve	(273)	(273)	(273)	(273)	(273)	(273)	(273)
Lanes Capital Reserve	(45)	(60)	(75)	(90)	(105)	(120)	(135)
<b>Total Capital Reserves</b>	<b>(502)</b>	<b>(517)</b>	<b>(532)</b>	<b>(547)</b>	<b>(562)</b>	<b>(577)</b>	<b>(592)</b>
<b>Total Usable Reserves</b>	<b>(12,068)</b>	<b>(10,390)</b>	<b>(7,750)</b>	<b>(7,797)</b>	<b>(7,983)</b>	<b>(7,904)</b>	<b>(7,756)</b>
<b>Other Technical Reserves (i)</b>	<b>(106,946)</b>						
<b>Total All Reserves</b>	<b>(119,014)</b>						

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

**RESERVES****Reserves**

<b>Reserve</b>	<b>Balance 31/3/18</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
GLL Reserve	273	To provide funds to purchase equipment from GLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of GLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.	This reserve has been highlighted as a potential funding source for the Sands Development as it is no longer required following the re-letting of the Leisure contract
Lanes Capital Reserve	45	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services 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.	This reserve is still required
Asset Investment Reserve	48	To provide resources to purchase properties and fund associated revenue costs and 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 Corporate Director of Governance and Regulatory Services 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.	This reserve is not required for its original purpose and it is recommended that it could be utilised to support property initiatives and added to the amounts currently held in the Carry Forward Reserve (see below). Approval for this change will be required from Council.

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
<i>Revenue Reserves</i>				
General Fund Reserve	3,300	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>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</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	This reserve is still required and will be increased due to uncertainty regarding the BR retention and other government funding streams

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Projects Reserve	1,473	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the 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 Corporate Director of Finance and 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 and balances on reserves that are no longer needed. 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.	This reserve is still required and will hold any surplus balance above the minimum general fund balance
Carry Forward Reserve	927	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	<p>This relates to items requested in and before 2016/17 that have yet to be utilised.</p> <p>Of the balance at 31/03/18, £72,900 has been released in 2018/19.</p> <p>£509,600 relates to Property initiatives with £184,600 relating to Planned and Reactive Maintenance. Of the balance of £325,000, £54,500 is committed to funding a post in planning. £235,000 of the overall balance is to be transferred to General Fund for the Economic Investment Initiatives agreed as part of the 2018/19 Budget. It is recommended that the reserve be allocated as follows:</p> <p>£439,000 - Property Initiatives  £125,600 - Reactive Repairs and Maintenance  £235,000 - Economic Investment Initiatives  £54,500 - Planning Post</p>

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Building Control Reserve	150	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate 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.	This reserve is still required and can only be utilised for Building Control costs.
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate 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.	This reserve is dormant pending any future use.
Transformation Reserve	150	To fund any one off costs associated with transformation projects	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.	As there is no formal VR/ER initiative in place, this reserve could be released to General Fund with any future costs of VR/ER being met from departmental budgets or savings generated by accepting any requests for VR/ER
Cremator Reserve	850	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required and will continue to be increased until such time the cremators require replacement. There may be funding opportunities to develop for the cremators that could potentially release some of this reserve, e.g. leasing or capital financing
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 Chief Executive. Approval to release funds from the reserve can only be given	This reserve should be released to General Fund and should any requirement to fund costs associated

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
			by the Executive of the Council.	with Universal Credit, e.g. Redundancy, these would be a call on General Fund budgets should they arise. There may be a requirement for this reserve to support any costs associated with the current restructure in RBS that cannot be covered by existing base budgets.
Car Park Enhancement Reserve	107	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve has been released in 2018/19
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve will be released in 2018/19
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve will be utilised in 2018/19 for the new Christmas Lighting contract.
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Approval to release funds from the reserve can only be given by the Executive of the Council. Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and	This reserve is dormant pending any future use
Flood Reserve	2,014			This reserve is still required and will be utilised to support reinstatement of assets

<b>Reserve</b>	<b>Balance 31/3/18</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>
			Resources.	
Prosecutions Reserve	41	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Promoting Carlisle Reserve	20	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Corporate Director of Finance and Resources.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from MHCLG and DWP which have not yet been utilised, to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Corporate Director of Finance and Resources.	This reserve should be released to the General Fund and be utilised to fund base budget costs in Revenues and Benefits on a non-recurring basis realising a general fund saving.
Revenues Grants Reserve	1,920	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	£633,000 has been released to date in 2018/19. Use of the reserve is determined by the conditions associated with the grants held in it. There may be opportunities to substitute this funding for Council base budgets on a non-recurring basis that would realise a general fund saving.
Planning Services Reserve	28	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and	This reserve is still required



Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
			Resources.	
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is dormant pending any future use

### Provisions

Provision	Balance 31/3/18	Purpose	Future of the Provision
Business Rate Appeals	688	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	261	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2017 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.



<b>Provision</b>	<b>Balance 31/3/18</b>	<b>Purpose</b>	<b>Future of the Provision</b>
Rickergate Ringfenced Account	136	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.
Land Charges Provision	131	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	£82,000 of this provision has been released for initiatives agreed in 2018/19. The balance on this provision is still required and will be utilised in 2018/19
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licencing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	12	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	6	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required

Provision	Balance 31/3/18	Purpose	Future of the Provision
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

# Report to Executive

Agenda  
Item:

**A.1(b)(i)**

Meeting Date: 12<sup>th</sup> November 2018  
Portfolio: Environment & Transport & Culture, Heritage & Leisure  
Key Decision: Yes: Recorded in the Notice Ref: KD.19/18  
Within Policy and Budget Framework: YES  
Public / Private: Public

Title: CHARGES REVIEW REPORT 2019/2020 – COMMUNITY SERVICES  
Report of: The Deputy Chief Executive  
Report Number: CS 31/18

## Purpose / Summary:

This report sets out the proposed fees and charges for 2019/20 relating to those services falling within the Community Services Directorate.

## Recommendations:

The Executive is asked to

- (i) Review the proposed charges as set out in the body of this report and relevant appendices with effect from 1st April 2019 noting the impact these will have on income generation as detailed within the report.
- (ii) Make this report of proposed charges available to relevant Scrutiny Panels for their review and comment.

## Tracking

Executive:	<b>12 November 2018, 10 December 2018</b>
Scrutiny:	<b>B&amp;TSP 29 November 2018 EGSP 22 November 2018 H&amp;WSP 15 November 2018</b>
Council:	

## 1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Community Services Directorate and covers City Centre usage by external organisations, Car Parking, Parking Permits, Events, Digital Banner, Old Fire Station, Allotments, Use of Parks, Sports Pitches, Takin Tarn, Bereavement Services, Waste Services and Garage charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are attached at **Appendices 1 - 14** and show the current and proposed level of charge for those services.

## 2. CORPORATE CHARGING POLICY 2019/20 TO 2023/24

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at **Appendix 14**, was approved by the Executive on 20 August 2018 and approved by Full Council on 11 September 2018 and sets out the City Council's policy for reviewing charges. The principal objectives of setting the charges are: -
- Recovering the cost of service provision
  - Generate surplus income (where permitted)
  - Maintain existing service provision
  - Fund service improvements or introduction of new services(s)
  - Manage demand for service(s)
  - Promote access to services for low-income households
  - Promote equity or fairness
  - Achieve wider strategic policy objectives
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their services or client groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## 3. CITY CENTRE

- 3.1 For 2019/20 it is proposed that the City Council increases its charges for usage of the City Centre by 3%. This uplift should be applied to the full range of uses outlined in the **Appendix 1**.

## 4. CAR PARKING

4.1 It is proposed that Car Park Pay & Display and Saver Permit Charges for 2019/20 will be frozen as shown in **Appendices 2, 3 & 4**. Significant amendments were made to Car Park Pay & Display charges in 2018/19, which saw the introduction of the following:

- 'Early Bird' Tariffs (pay before 9.30am) in The Sands, West Walls and Viaduct Car Parks.
- Lower 'All Day' tariffs in the majority of City Council Car Parks with significant reductions in West Walls (£10 to £4), Paddy's Market (£4.10 to £2.50) and The Sands (£4.10 to £3)

Lower 'All Day' parking was introduced to encourage customers to stay longer. It was hoped these measures would help to boost the local economy and see greater time spent on the high-street.

Freezing the charges in 2019/20, allows the Council to take stock and assess the full impact of the 2018/19 amendments.

The development of the Sands Centre (subject to Member approval) will take place during the 2019/20 and 2020/21 financial years. It is proposed that the extended hours charging policy be removed.

## 5. GREEN SPACES & BEREAVEMENT SERVICES

### 5.1 ALLOTMENTS

The charge for allotments is based on the size of the plot and it is proposed that the Council keeps the charge to 30p per square metre as per **Appendix 5**. The water charge, which is standard for all plots, will rise by 3% to take account of inflation.

### 5.2 USE OF PARKS CHARGES

At present our parks are used for a mixture of charitable, low key, large and commercial events and activities. The fees proposed in **Appendix 6** all represent 3% inflationary increase designed to help offset the increasing cost of maintenance. For larger commercial events, we propose to continue to negotiate fees based on the anticipated size of the audience and/or the scale of the event.

### **5.3 FOOTBALL PITCHES**

For the 2018-19 season, we propose to increase pitch hire fees by a rounded 3% as shown in **Appendix 7**.

### **5.4 TALKIN TARN**

The proposal for the other fees attributable to Talkin Tarn is to increase these by 3% in line with anticipated inflation costs as shown in **Appendix 8**.

## **6. BEREAVEMENT SERVICES**

**6.1** Services provided by the City Council via Bereavement Services represent a significant portion of the Council's income. The service currently receives approximately £1.5m per year from cremations and our cemeteries.

**6.2** The costs associated with providing these services and attending to the maintenance and upkeep of our crematorium and cemeteries are rising and accordingly we propose to increase all the charges in this area by 3% in line with expected inflation on costs as shown in **Appendix 9**.

## **7. OLD FIRE STATION/TOURIST INFORMATION CENTRE AND DIGITAL BANNER**

**7.1** It is proposed that room hire rates at the Old Fire Station are held at 2018/19 levels as shown at **Appendix 10**.

**7.2** Demand for advertising space on the Civic Centre digital banner has continued to increase of 2017/18, particularly for peak time slots. The charging range for all slots has been increased to reflect this and increasing income targets within the Medium Term Financial Plan.

**7.3** There has also been growth in bookings for room hire at the Tourist Information Centre. It is proposed to hold charges for 2018/19 to try and continue to increase occupancy levels. The charges are detailed at **Appendix 10**.

## **8. WASTE SERVICES**

**8.1** The City Council makes a charge for the supply and replacement of bins and bags for refuse and recycling. These charges encourage residents to look after their bins / bags and support recycling by offering reduced costs e.g. for smaller bins. The charges are detailed at **Appendix 11**.

- 8.2** The City Council is keen to encourage recycling and therefore currently provides replacement or additional bags and boxes without charge to residents. However, there is a need to introduce an element of demand control to reduce 'abuse' by a small but still significant minority of residents e.g. using their boxes for storage or growing plants etc. This year we are therefore proposing a small charge to support the delivery of containers but retain discretion to waive this fee based on individual cases.

## **9. GARAGE**

- 9.1 It is proposed to retain the MOT charge as shown in **Appendix 12**.

## **10. ENFORCEMENT**

- 10.1** Stray Dogs - The Charges reflect the increased cost of service. The kennelling service and out of hours collection is now provided by a new contractor following the retirement of the previous contractor and following a competitive procurement process, the charge to the City Council for this service increased. This is then passed on to the owner of the dog.

A new increased charge is proposed this year for repeat incidents as a further deterrent to encourage responsible dog ownership.

The charges are detailed at **Appendix 13**.

## 11. SUMMARY OF INCOME

11.1 The original 2018/19 budgets and 2019/20 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2018/19 £	MTFP Target 2019/20 £	Original Estimate 2019/20 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	29,700	35,900	35,900	0
Dog Policy EPA	9,200	9,500	9,500	0
Bereavement Services	1,430,900	1,489,300	1,489,300	0
Allotments	18,000	18,500	18,500	0
Special Collections	55,500	57,200	57,200	0
Sports Pitches	14,700	15,100	15,100	0
Car Parking	1,172,200	1,213,100	1,213,100	0
MOT Testing	6,300	6,400	6,400	0
Assembly Rooms	6,600	6,600	6,600	0
Event Assets	600	600	600	0
Carlisle Focus	2,300	2,400	2,400	0
Advertising	59,000	80,800	63,600	17,200
OFS – Ticket Sales	59,600	61,400	61,400	0
OFS – Room Lettings	12,700	13,100	13,100	0
OFS – Commercial Lettings	3,700	3,700	3,700	0
	<b>2,881,000</b>	<b>3,013,600</b>	<b>2,996,400</b>	<b>17,200</b>
Talkin Tarn Car Park	39,300	40,500	40,500	0
<b>Total</b>	<b>2,920,300</b>	<b>3,054,100</b>	<b>3,036,900</b>	<b>17,200</b>

11.2 The charges highlighted within this report will result in an anticipated level of income of £ 3,036,900 against the MTFP target of £3,054,100. This represents a shortfall of £17,200 against the MTFP target.



## **12. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 12.1** The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1<sup>st</sup> April 2019 noting the anticipated impact these will have on income generation as detailed within the report.

## **13. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer:**            **Darren Crossley**

**Ext:**    **7120**

**Appendices**            **Appendices 1 to 14 Attached**  
**attached to report:**

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

- **None**

### **CORPORATE IMPLICATIONS:**

**LEGAL** – All new charges, or changes to existing charges, unless specifically approved, require the approval of the Executive in accordance with Financial Procedure Rules (D31). Changes to operating hours of car parks will need to be advertised in the usual way before coming into effect.

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £3,036,900 against the MTFP target of £3,054,100. This represents an overall shortfall of £17,200. A recurring budget pressure of £17,200 in respect of Advertising income has been put forward in the budget process as a pressure on Council resources. It is proposed that this pressure is funded from a fundamental review of existing base budgets and further work to determine the longer term impact this could have on the Council.

**EQUALITY** – These charges are reviewed in line with the Corporate Policy for charging.

**INFORMATION GOVERNANCE** – There are no information governance implications with this report.

CITY CENTRE PROMOTIONAL BOOKING CHARGES					APPENDIX 1
Event Type	Current Charges 2018/19		Proposed New Charge 2019/20	Comment 2019/20	
Charities, Education and Public Information Events	No Charge		No Charge		
Large Commercial Markets	£1,061 per day		£1,093 per day		
Farmers Markets (e.g. Local Traders)	£16.50 per stall per day		£17 per stall per day		
Large Children's Ride	£91 per ride per day		£94 per stall per day		
Small Children's Ride	£69 per ride per day		£71 per stall per day		
	Daily charge per 3m x 3m or 9m² pitch				
	One pitch £64		One pitch £66		
	Two pitches £128		Two pitches £132		
	Three pitches £191		Three pitches £197		
	Four pitches £254		Four pitches £262		
	Max charge £254		Max charge £262		
	£520 per promotion		£536 per promotion		
Large Commercial Promotions					
Commercial Promotions Cancellations and No Shows	Daily Rate		Daily Rate	Full daily rate of the promotion to cover staffing costs and loss of income	
Face 2 Face Charity Fundraising promotions (chuggers)	No Charge		No Charge		
Large Events	£1,061 per day		£1,093 per day	A large event would occupy all available space in the City Centre	
Pavement Cafes	Current Charges 2018/19		Proposed New Charge 2019/20	Comment 2019/20	
County Council administration fee payable when licence granted	£22		£23		
City Council administration fee, payable annually to cover:-					
- Up to 2 tables and 4 chairs	£126		£130		
- Each additional table and 2 chairs	£37		£38		
- Legal fee for preparation of licence	TBC		TBC	TBC	
Event Infrastructure	CITY CENTRE EVENT BOOKING CHARGES				
3rd Party Hire	Current Charges 2018/19		VAT	Comment 2019/20	
Gazebo/Stall Hire (including put up and take down)	£51.50		as applicable		
Table	£5.50		as applicable		
Events	Current Charges 2018/19	VAT	Proposed New Charge 2019/20	Comment 2019/20	
	£25		£26	n/a	
	£50		£51	n/a	
	£10		£10	n/a	
	£40		£41	as applicable	
				as applicable	
	£80		£82	as applicable	
	£10		£10	as applicable	
	£20		£21	as applicable	
	Fireshow (Bitts Park)	Current Charges 2018/19	VAT	Proposed New Charge 2019/20	Comment 2019/20
Periphery pitches (five available)	£140.00	-	£144	n/a	
Premium pitches (3 available)	£250.00	-	£258	n/a	
NB An occasional street trading licence will be necessary to apply for any of these pitches					

				APPENDIX 2		
CAR PARKS TICKET CHARGES						
WEST WALLS				Additional Notes 2019/20		
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge  No Change			
Up to 1 hour		£1.20				
1 to 2 hours		£2.00				
2 to 3 hours		£2.60				
3 to 4 hours		£3.20				
4 to 9.5 hours (New Tariff Band)		£4.00				
Early Bird - Pay before 9.30am for the early bird price of £3.5 for 4 to 9.5 hour stay Monday to Friday only		£3.50				
CIVIC CENTRE						
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge			
Up to 1 hour		£1.20	No Change			
1 to 2 hours		£2.00				
2 to 3 hours		£2.60				
3 to 4 hours		£3.20				
4 to 9.5 hours		£10.00				
BITTS PARK						
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge			
Up to 1 hour		£1.20	No Change			
1 to 2 hours		£2.00				
2 to 3 hours		£2.60				
3 to 4 hours		£3.20				
4 to 9.5 hours		£5.00				
LOWTHER STREET						
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge			
Up to 1 hour		£1.20	No Change			
1 to 2 hours		£2.00				
2 to 3 hours		£2.60				
3 to 4 hours		£3.20				
4 to 9.5 hours		£5.00				
PADDY'S MARKET						
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge			
Up to 1 hour		£1.20	No Change			
1 to 2 hours		£2.00				
2 to 3 hours		£2.30				
4 to 9.5 hours		£2.50				
THE SANDS						
Tariff Band		2018/19 Charge	Proposed 2019/20 Charge			
Up to 1 hour		£1.20	No Change			
1 to 2 hours		£2.00				
2 to 3 hours		£2.40				
3 to 4 hours		£2.90				
Over 4 hours		£3.00				
Early Bird - Pay before 9.30am for the early bird price of £2.50 to park all day Monday to Friday only		£2.50				
Minibuses		£3.50 All Day				

<b>VIADUCT</b>				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Up to 1 hour	£1.20	No Change		
1 to 2 hours	£2			
2 to 3 hours	£2.30			
3 to 4 hours	£2.70			
4 to 9.5 hours	£3.50			
Early Bird - Pay before 9.30am for the early bird price of £2.80 for 4 to 9.5 hour stay) Monday to Friday only	£2.80			
<b>SWIFT'S BANK AMENDED CHARGING HOURS</b> -8.30am to Midnight - Saturday & Sunday - 6.00pm to Midnight - Monday to Friday				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Up to 1 hour	£1.20	No Change		
1 to 2 hours	£2.00			
2 to 3 hours	£2.30			
3 to 4 hours	£2.90			
4 to 9.5 hours	£3.00			
<b>CALDEW RIVERSIDE</b>				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Up to 1 hour	£1.20	No Change		
1 to 2 hours	£1.90			
2 to 3 hours	£2.30			
3 to 9.5 hours (New Tariff Band)	£2.70			
<b>CASTLE</b>				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Up to 1 hour	£1.20	No Change		
1 to 2 hours	£1.80			
2 to 3 hours	£2.20			
3 to 9.5 hours	£2.50			
Minibuses, Campers, Motor Homes, Caravans and Motor Caravans	£3.50 All Day			
<b>MARKS AND SPENCER CAR PARK</b>				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Monday to Wednesday between 8.30am and 6pm, Thursday between 8:30am and 5pm, Friday to Saturday between 8am and 6:30pm	Up to 1 hour - £1.00	No Change		
	1-2 Hours £2.00			
Sunday (including Bank Holidays & Public Holidays) between 10:30am and 5pm	Up to 2 hours £2.00			
<b>TALKIN TARN</b>				
Tariff Band	2018/19 Charge	Proposed 2019/20 Charge		
Monday to Sunday (including Bank Holidays & Public Holidays) between 10am and 6pm	Cars - up to 1 hour £1.10	No Change		
	Cars - over 1 hour £2.25			
	Minibuses - up to 12 hrs £4.50			
	Coaches - up to 12 hrs £5.60			
<b>ANNUAL MEMBERSHIP PARKING PERMIT</b>	<b>£54.00</b>			

CAR PARK PERMIT CHARGES										APPENDIX 3
Car Park	2018/19 Charges Permits valid work days (5 out of 7)		2018/19 Charges (Equivalent daily charge £)	2019/20 Proposed Charges Permits valid work days (5 out of 7)		2019/20 Proposed Charges (Equivalent daily charge £)	Comments  2019/20			
	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	Annual	Monthly					
Civic Centre	-	-	-							
West Walls	-	-	-							
Bitts Park	£650	£63	£2.50	No Change						
Lowther St	-	-	-							
Paddy's Market	£225	£24	£0.87	No Change						
The Sands	£520	£50	£2.00	No Change						
Swifts Bank (subject to availability for public use)	£120	£12	£1.15	No Change						
Viaduct	£455	£44	£1.75	No Change						
Caldew Riverside	£250	£26	£0.96	No Change						
Castle	£225	£24	£0.87	No Change						

APPENDIX 4						
CAR PARK CHARGES FOR ALTERNATIVE USES						
CAR PARK	2018/19 Charge		Proposed Charge 2019/20		2019/20 Comment	
	Essential/ Commercial at current rate	Trading	Essential/ Commercial at current rate	Trading		
Civic Centre	£10.30	N/A	£10.30	N/A		
West Walls	£10.30	P.O.A	£10.30	P.O.A		
Bitts Park	£5.15	P.O.A	£5.15	P.O.A		
Lowther Street	£5.15	N/A	£5.15	N/A		
Paddy's Market	£4.10	P.O.A	£4.10	P.O.A		
The Sands	£4.10	P.O.A	£4.10	P.O.A		
Swifts Bank	£4.10	P.O.A	£4.10	P.O.A		
Viaduct	£4.10	P.O.A	£4.10	P.O.A		
Castle	£3.10	P.O.A	£3.10	P.O.A		
Caldew Riverside	£3.10	N/A	£3.10	N/A		

APPENDIX 5				
ALLOTMENT CHARGES				
TYPE OF CHARGE	2018/19 Charge	Proposed Charge 2019/20	2019/20 Comment	
Rental	30p per square metre	30p per square metre		
Water Supply	£11.70 for the year	£12.00 for the year		

APPENDIX 6					
USE OF PARKS CHARGES					
TYPE OF ACTIVITY/EVENT	2018/19 Charge		Charge 2019/20		2019/20
	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT	Comment
<b>*Low key* commercial use –</b> *Caterers selling hot & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£66 per day	N/A	£68 per day	N/A	3% increase
<b>*Fun Fairs</b>	1-10 rides/stalls £344 plus VAT per open day 11-15 rides/stalls £470 plus VAT per open day 16-20 rides/stalls £602 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £355 plus VAT per open day 11-15 rides/stalls £485 plus VAT per open day 16-20 rides/stalls £621 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	3% increase
<b>*Fun Fairs Building &amp; Derigging Charges</b>	1-10 rides/stalls £85 plus VAT per day 11-15 rides/stalls £117 plus VAT per day 16-20 rides/stalls £150 plus VAT per day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £88 plus VAT per day 11-15 rides/stalls £121 plus VAT per day 16-20 rides/stalls £155 plus VAT per day Over 20 rides/stalls by negotiation	N/A	3% increase
<b>Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.</b>	£241 plus re-instatement cost	£241/ per day plus re-instatement cost	£248 plus re-instatement cost		3% increase
<b>Fully commercial, profit making events –</b> e.g. Circus Shows, music concerts etc	£1,179 plus re-instatement	£1,179 per customer/per day plus re-instatement costs	£1,215 plus re-instatement		3% increase
<b>Fully Commercial Events –</b> takings from sale of consumables (additional charge)	£54 per catering unit	£54 per catering unit	£56 per catering unit		3% increase
<b>NB The above charges are subject to VAT where applicable.</b>					
<b>MEMORIALISATION IN GREEN SPACES</b>					
The Green Spaces team receives frequent requests for memorials in parks, particularly for benches. At present there are no set fees with each considered individually. It is intended therefore to bring these in line with the Bereavement Services memorialisation fees.					
Park Bench* with plaque - £1,238 including 5 years maintenance.					
*The particular design of the bench would be specific and appropriate to the open space it was in					
Over time it is intended to develop further opportunities for Memorialisation in Green Spaces to meet the demand from the public.					



APPENDIX 7			
FOOTBALL PITCHES CHARGES			
SPORTS PITCHES TYPE OF USE	Existing Charge 2018/19	Proposed Charge 2019/20	Comment
Senior Clubs per match	£66.00	£68.00	3% increase
Junior Clubs per match	£33.00	£34.00	3% increase
<u>Pitch and Accommodation/Season*</u>			
Senior Clubs	£615.00	£634.00	3% increase
Junior Clubs	£185.00	£191.00	3% increase
*Includes use of showers, changing facilities and training room if available			
<u>Pitch Only/Season</u>			
Senior Clubs	£235.00	£242.00	3% increase
Junior Clubs	£71.00	£73.00	3% increase
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Existing Penalty 2018/19	Proposed Penalty 2019/20	Comment
Senior Clubs/match	£80.00	£80.00	No change
Junior Clubs/match	£80.00	£80.00	No change

APPENDIX 8			
TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES			
TALKIN TARN OTHER ACTIVITIES	2018/19 Charge	Proposed 2019/20 Charge	2019/20 COMMENT
Education Cabin Hire	£35 per half day	£36 per half day	3% increase
	£66 per full day	£68 per full day	3% increase
	£7.90 per hr - min. charge 2 hrs	£8.10 per hr - min. charge 2 hrs	3% increase
The Alex Boathouse Hire	15% of any takings	15% of any takings	
Water Sports Day Permit	£7.90	£8.10	3% increase
Annual Water Sport Permit	£365 (For Groups)	£376 (For Groups)	3% increase
	£126.00 (For Individuals)	£130.00 (For Individuals)	3% increase
	£3.20 adult per day	£3.30 adult per day	3% increase
Fishing Permit	£2.20 child per day	£2.30 child per day	3% increase
	£33 Annual Permit	£34 Annual Permit	3% increase
Annual Registration Fee for Swimming	£11.10 per adult	£11.50 per adult	3% increase

## BEREAVEMENT SERVICES CHARGES

Product/Service	2018/19 Charge	2019/20 Proposed Charge	2019/20 Comment
<b>CREMATION - VAT NOT INCLUDED</b>			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	FOC	FOC	
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	820.00	845.00	
Cremation Body Parts, Blocks and Slides	83.00	86.00	
Additional copies of Cremation Certificates	27.00	28.00	
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	27.00	28.00	
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	50.00	52.00	
Additional 40 minute service time for Cremation	132.00	136.00	
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Use of Chapel of Rest/Chilled Storage 24 hours	19.00	20.00	
48 hours	35.00	36.00	
72 hours	49.00	50.00	
Placing of Cremated Remains from away in Garden of Remembrance/Woods	66.00	68.00	
Postage of Cremated Remains (UK)	53.00	55.00	
<b>Containers</b> Plastic Urn	20.00	21.00	
Metal Urn	30.00	31.00	
Casket	46.00	47.00	
Baby Urn	7.40	7.60	
Others	POA		
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	19.50	20.00	

<b>BURIAL - VAT NOT INCLUDED</b>			
Interment NVF ,Stillborn or Child up to 1 month	FOC		
Interment of child 1 month to 17 years	FOC		
Interment over 18 years	737.00	760.00	
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	FOC		
Interment over 18 years (out of hours: Mon-Sat)	984.00	1014.00	
Interment of child 1 month to 17 years (out of hours: Sunday)	FOC		
Interment over 18 years (out of hours: Sunday)	1,065.00	1097.00	
Interment of child 1 month to 17 years (out of hours: Bank Hols)	FOC		
Interment over 18 years (out of hours: Bank Hols)	1,147.00	1181.00	
Interment of Cremated Remains (Per Set)	224.00	231.00	
Interment of Body Parts, Blocks and Slides	66.00	68.00	
<b>Purchase of Exclusive Right of Burial</b>			
<b><i>NB Choice of 2 periods: 30 years and 50 years</i></b>			
<b>30 Year Term</b>			
Grave used for burial of child up to 18 years	71.00	73.00	
Grave used for burial of person over 18 years	700.00	721.00	
Grave used for burial of Cremated Remains	246.00	253.00	
<b>50 Year Term</b>			
Grave used for burial of child up to 18 years	93.00	96.00	
Grave used for burial of person over 18 years	1,174.00	1209.00	
Grave used for burial of Cremated Remains	409.00	421.00	
<b>WOODLAND BURIAL</b>			
<b>30 Year Term</b>			
Adult Grave for two burials	546.00	562.00	
Adult Grave for one burial	273.00	281.00	
Grave for Cremated Remains	273.00	281.00	
<b>50 Year Term</b>			
Adult Grave for two burials	906.00	933.00	
Adult Grave for one burial	453.00	467.00	
Grave for Cremated Remains	453.00	467.00	
Recycled Graves			
Adult burial only	678.00	698.00	
<b>Erection of Memorial etc</b>			
Placing a Headstone/Monument to cover <b>one</b> grave space	180.00	185.00	
Placing a Headstone/Monument to cover <b>two</b> grave spaces	360.00	371.00	
Placing a Headstone/Monument to cover <b>three</b> grave spaces	540.00	556.00	
Placing an additional inscription or memorial vase	71.00	73.00	
Replacement of existing Headstone	87.50	90.00	

<b>USE OF BURIAL CHAPELS - VAT NOT INCLUDED</b>			
Richardson Street	132.00	136.00	
Stanwix	132.00	136.00	
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Transfer of Grave Rights/Statutory Declaration	53.00	55.00	
Re turf graves ( <i>at management discretion</i> )	30.00	31.00	
Search Records (with date supplied)	23.00	24.00	
Search Records (no date/vague date supplied)	28.00	29.00	
Seat Maintenance	106.00	109.00	
Discretionary charge to Funeral Directors exceeding allocated service time	66.00	68.00	
Use of organ	22.00	23.00	
Location and on-site identification of grave spaces	37.00	38.00	
<b>MEMORIALISATION FEES – VAT INCLUDED</b>			
<b>Book of Remembrance</b>			
2 line entry	71.00	73.00	
5 line entry	142.00	146.00	
5 line entry + Flower Emblem or Badge	202.00	208.00	
8 line entry	158.00	163.00	
8 line entry + Flower Emblem or Badge	235.00	242.00	
<b>Remembrance Cards</b>			
2 line entry	46.00	47.00	
5 line entry	78.00	80.00	
5 line entry + Flower, Emblem or Badge	147.00	151.00	
8 line entry	99.00	102.00	
8 line entry + Flower, Emblem or Badge	164.00	169.00	
<b>Baby Book of Remembrance</b>			
Per line	11.00	11.00	
Motifs	74.00	76.00	
<b>Granite Plaques</b>			
2 lines inscribed	443.00	456.00	
3 lines inscribed	498.00	513.00	
4/5 lines inscribed	579.00	596.00	
Each reserved line inscribed	94.00	97.00	
<b>Bronze Plaques</b>			
2 up to 4 lines inscribed	333.00	443.00	
Replacement Bronze Plaque	129.00	133.00	
Sheepfold Plaque	393.00	405.00	

<b>Hardwood Seats (inc. 5 years maintenance)</b>			
Hardwood Seat	1,202.00	1238.00	
<b>Recording of Cremation Service</b>	66.00	68.00	
<b>Heather Garden Memorials</b>			
Sanctum 2000	1,061.00	1093.00	
Extra letters/figures	6.40	6.60	
Replacement Plaque	284.00	293.00	
Memorial Vase and Tablet	585.00	603.00	
Replacement Plaque	273.00	281.00	
New Sanctum 12's	678.00	698.00	
Extra letters/figures	6.40	6.60	
Flower Vase holder	28.00	29.00	
Replacement Plaque	300.00	309.00	
New Octagon Planter Plaques	273.00	281.00	
Replacement Plaque	114.00	117.00	
Mushroom Plaques	273.00	281.00	

EVENT ASSET CHARGES				APPENDIX 10
DESCRIPTION	2018/19 Charge	Proposed 2019/20 Charges	2019/20 Comment	
DIGITAL BANNER CHARGES				
Digital Banner commercial use	£120-£300per slot	£180 -£350 per slot	Proposed increase to reflect demand and income expectations within the MTFP	
Digital Banner event support	£60-£150	£100-£200	Proposed increase to reflect demand and income expectations within the MTFP	
CHARGE FOR CARLISLE FOCUS				
Carlisle Focus Magazine	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.		
OLD FIRE STATION CHARGES				
TICKET SALES				
Carlisle City Council Promoted Events & Performances	£0 - £30.00	£0 - £30.00	Ticket prices for events will be considered individually and informed by the artist fees and likely market demand.	
ROOM HIRE - THE ENGINE ROOM (NON TICKETED NON PERFORMANCE EVENTS)				
½ Day (4 hours) Commercial / Private Rate 09.00-17.00	£125.00	£125.00		
½ Day (4 hours) Charitable Group Rate 09.00-17.00	£80.00	£80.00		
Full Day (8 hours) Commercial / Private Rate 09.00-17.00	£225.00	£225.00		
Full Day (8 hours) Charitable Group Rate 09.00-17.00	£145.00	£145.00		
Evening Commercial / Private Rate 18.00-23.00	£400.00	£400.00		
Evening Charitable Group Rate 18.00-23.00	£200.00	£200.00		
ROOM HIRE - THE PARQUET ROOM				
Hourly Commercial / Private Rate	£20.00	£20.00		
Hourly Charitable Group Rate	£15.00	£15.00		
Full Day Commercial / Private Rate 09.00-17.00	£150.00	£150.00		
Full Day Charitable Group Rate 09.00-17.00	£100.00	£100.00		
Evening Commercial / Private Rate 18.00-23.00	£150.00	£150.00		
Evening Charitable Group Rate 18.00-23.00	£100.00	£100.00		
Alongside all the hourly, daily and evening rates quoted above a further charge will be levied to organisations if their booking requires any specialist set up or take down of furniture / equipment etc, or staffing outside of office hours, or provision of services such as a bar, or the dedicated use of McGrews. This will be a direct recharge of any hourly rates for staff used. For ticketed performance conducted by a third party promoter a door split arrangement is often agreed in lieu of a standard hire fee, it is proposed that the agreement of such split deals is delegated to the Deputy Chief Executive.				

COMMERCIAL SPACE/OFFICE LETTINGS			
Unit 2	£1,200 per annum	£1,200 per annum	
Unit 3 (15.5 Metres2 )	£1,200 per annum	£1,200 per annum	
Unit 4 (17 Metres2 )	£1,200 per annum	£1,200 per annum	
Unit 5 (7.5 Metres2 )	£600 per annum	£600 per annum	
Unit 6 (5 Metres2 )	£450 per annum	£450 per annum	
TOURIST INFORMATION CENTRE ROOM BOOKINGS			
Assembly Room Hire	Charge £	Charge £	
Charges per session as follows:-			
Morning Session 9:30am – 1.00pm	£70.00	No Change	
Afternoon Session 1.30pm – 5.00pm	£70.00	No Change	
All Day 9:30am -5.00pm	£140.00	No Change	
Evening 6.30pm – 10.00pm	£70.00	No Change	
Afternoon + Evening Session 1.30pm – 10.00pm	£140.00	No Change	
Each additional hour	£25.00	No Change	
N.B. The following groups and organisations get a discount of 50% for a morning or afternoon session, 30% for an evening session and 50% for double sessions including evenings will be allowed:			
i. Registered Charities			
ii. O.A.P. Groups			
iii. Other community groups e.g. community organisations, unemployed groups etc.			



APPENDIX 11			
WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2018/19 Charge	Proposed 2019/20 Charge	2019/20 COMMENT
140 litre Refuse Bin (New)	£22.00	£22.00 delivered	Frozen to encourage take up of smaller bin
		£16.00 collected	New option offered for customer to collect from Bousteads Grassing Depot
240 litre Refuse or Garden Waste Bin (New)	£40.00	£41.00 delivered	
		£35.00 collected	New option offered for customer to collect from Bousteads Grassing Depot
140 litre Refuse Bin (Refurbished)	£10.00	£10.00 delivered	Frozen to encourage take up of smaller bin
		£4.00 collected	New option offered for customer to collect from Bousteads Grassing Depot
240 litre Refuse or Garden Waste Bin (Refurbished)	£20.00	£21.00 delivered	
		£15.00 collected	New option offered for customer to collect from Bousteads Grassing Depot
Exchange from 140 litre bin to new 240 litre bin. 140 litre bin to be returned and 'traded in'	£30.00	£31.00 delivered	140 litre bin to be returned and 'traded in'
		£25.00 collected	
Exchange from 140 litre bin to Refurbished 240 litre bin. 140 litre bin to be returned and 'traded in'	£10.00	£11.00 delivered	140 litre bin to be returned and 'traded in'
		£5.00 collected	

Container Type	2018/19 Charge	Proposed 2019/20 Charge	2019/20 COMMENT
160 litre Standard Seagull Sack	£17.00 delivered	£18.00 delivered	£1.00 increase to encourage customers to select the smaller sack
	£8.50 collected	£9.00 collected	Half-price if collected
90 litre Seagull Sack	£8.00 delivered	£8.00 delivered	No change in price to encourage customers to choose the smaller gull sack and recycle more.
	Free collected	£4.00 collected	Half-price if collected
Box Cover	Free	Free	No change
Recycling Bag (Green)	Free	£2.00 delivered	More details provided in the body of the report
		Free collected	
Recycling Box (Green)	Free	£2.00 delivered	More details provided in the body of the report
		Free collected	
Euro Bin	£330.00 + Delivery Cost	£340.00 + Delivery Cost	3% increase
		£22.00	3% increase
Bulky Waste Collections (3 items)			

				APPENDIX 12
GARAGE CHARGES				
TYPE OF CHARGE	2018/19 Charge	Proposed Charge	2019/20 Comment	
MOT Testing	£45.00	£45.00	No change – to be competitive locally	
Taxi Testing			This is an internal charge to licensing	
			Taxi licensing set the rate and charge the taxi drivers as part of their ‘annual licence’.	
	To be covered by taxi licensing charges	To be covered by taxi licensing charges		
			The charge is being increased which in turn will generate more income for the garage as it is likely that we will be taking on further work:	
			. Vehicle inspection	
			. Body work inspection	
			. COC (certificate of compliance)	

ENFORCEMENT CHARGES				APPENDIX 13
DESCRIPTION OF CHARGE	Existing Charge 2018/19	Proposed Charge 2019/20	COMMENTS 2019/20	
<b>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES</b> (Inclusive – VAT not applicable)				
Fly Posting**	£80.00	£80.00	These charges are governed by legislation	
Fly Posting – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation	
Fly-tipping - first offence or small fly-tipping incident	£200.00	£200.00		
Fly-tipping - repeat offence or large fly-tipping incident	£400.00	£400.00		
Graffiti**	£80.00	£80.00	These charges are governed by legislation	
Graffiti – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation	
Waste Receptacles – (CEN)	£80.00	£80.00	These charges are governed by legislation	
Waste Receptacles – (CEN)- Paid within 7 days	£60	£60	These charges are governed by legislation	
Failure to Produce a Waste Transfer Note	£300.00	£300.00	These charges are governed by legislation	
Environmental Protection Act - Litter	Up to £150	Up to £150	from 01 April 2018.	
Environmental Protection Act - Litter – paid within one week of issue	£80.00	£80.00	from 01 April 2018.	
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	£80.00	£80.00	These charges are governed by legislation	
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00	These charges are governed by legislation	
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00	These charges are governed by legislation	
Community Protection Notices**	£100.00	£100.00	These charges are governed by legislation	
Community Protection Notices** paid within one week of issue	£80.00	£80.00	These charges are governed by legislation	
Public Spaces Protection Orders**	£100.00	£100.00	These charges are governed by legislation	
Public Spaces Protection Orders** – paid within one week of issue	£80.00	£80.00	These charges are governed by legislation	
Abandoned Vehicles FPN	£200	£200	These charges are governed by legislation	

<u>STRAY DOGS (Inclusive – VAT not applicable)</u>		Existing Charge 2018/19	Proposed Charge 2019/20 First Incident	Proposed Charge 2019/20 Repeat Incident	COMMENTS 2019/20
Day 1		£64.00	£90.00	£170.00	The proposed new second/repeat incident is to encourage responsible dog ownership and to deter further incidents of dogs roaming. Owners have duty of care to ensure their dog is kept safe and free from harm.
Day 2		£80.00	£110.00	£190.00	
Day 3		£96.00	£130.00	£210.00	
Day 4		£112.00	£150.00	£230.00	
Day 5		£128.00	£170.00	£250.00	
Day 6		£144.00	£190.00	£270.00	
Day 7		£160.00	£210.00	£290.00	
Dog returned directly home (not kennelled)			£45.00	£125.00	
** The range of penalty charges for these are defined by legislation and range between £50 - £80 or £75 - £80 (waste receptacles) or up to £100 (CPNs and PSPOs)					
+ The charges are defined by legislation					

## **Corporate Charging Policy 2019/20 TO 2023/24**

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

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

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

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

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

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

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

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

#### **4. Trading**

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

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

#### **5. Value For Money**

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





## Report to Executive

Agenda  
Item:

**A.1(b)(ii)**

Meeting Date: 12 November 2018  
Portfolio: Economy, Enterprise and Housing  
Key Decision: KD.19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CHARGES REVIEW REPORT 2019/20 - ECONOMIC DEVELOPMENT  
Report of: CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT  
Report Number: ED. 37/18

### **Purpose / Summary:**

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

### **Recommendations:**

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2019, noting the impact these will have on income generation as detailed within the report.

### **Tracking**

Executive:	<b>12 November 2018, 10 December 2018</b>
Scrutiny:	<b>BTSP 29 November 2018 EGSP 22 November 2018 HWSP 15 November 2018</b>
Council:	<b>N/A</b>

## **1. BACKGROUND**

- 1.1** Each Directorate is required to carry out an annual review of fees and charges.

## **2. PROPOSALS**

- 2.1** This report proposes the review of charges within Economic Development Directorate and has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.

- 2.2** The charges which have been reviewed, are addressed separately below.

## **3. CORPORATE CHARGING POLICY 2019/20 TO 2023/24**

- 3.1** The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix 2, was approved by the Executive on 20 August 2018 and Full Council on 11 September 2018 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

- 3.2** The MTFP currently assumes an income target of £728,200 for the financial year 2019/20, reflecting an increase of 3% on 2018/19 base budgets.

- 3.3** In addition, the policy recognises that each Directorate is different and requires Chief Officers to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## **4. PLANNING SERVICES**

### **4.1 Development Control Income**

Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application received. Generally, the larger the application, the larger the fee. The City Council has no control over either the number of applications received or the type of application.

**4.2** The planning fees were increased January 2018 however the additional fee income is to be used to improve productivity of planning departments and should not be regarded as general income in order that additional resources are available to planning teams over and above the resource levels prior to the fee increase.

**4.3** For 2018/19, the target for income was set at £681,400 and 6 months into the year the predicted annual income is over £50,000 below target. Given the indeterminate nature of fee income from planning applications it is difficult to predict with accuracy that current budget levels will be achieved from income this year alone. Having analysed the income figures for the past 14 years it indicates that an annual income figure averages around £565,000. In more recent years the average income has increased however this also reflects the adoption of a new Local Plan which released a number of housing sites for development. Taking into account changes to application types in recent years it is envisaged that a more realistic income figure for Development Control should be in the region of £599,800.

### **4.4 Building Control Income**

Building Control fees, which are ring-fenced, are based on the Fees and Charges Regulation 2010. The new regulations have allowed local authorities discretion to set Building Control Fees however the principal of ensuring cost recovery and ring fencing income to the service remain. Fees are now kept under regular review by the Building Control Service and are set in line with other Cumbrian authorities and the principles of the Fees and Charges Regulations 2010.

### **4.5 Building Control Discretionary Charges**

The proposals are to increase the current discretionary charges by 3%.

### **4.6 Home Life Grant Scheme**

Building Control are assisting in the delivery of the Home Life Grant scheme providing surveying capacity to the Home Life team in order that they can deliver

improvements to the existing housing stock of Carlisle. This is being provided on a cost recovery basis (not for profit).

#### 4.7 Shop mobility

The shop mobility scheme enables persons including children with any mobility difficulty to access the town centre and all its facilities. Currently there is a nominal administration charge to be a member of the shop mobility scheme which is £10 for 12 months membership and £5 for 6 months membership, the use of scooter and wheelchairs being free irrespective of usage. There are currently no plans to increase this administration charge.

#### 4.8 Investment & Policy Income

The decision was taken previously to no longer assume any income from any activities associated with the Local Plan. This position remains, following review, unchanged.

Traditionally income had been generated from general sales including the sale of hard copies of the Plan and occasionally evidence underpinning the Plan which has a commercial value. The Local Plan and its associated documents are now almost exclusively accessed online/electronically with only a sporadic number of sales of hard copies in recent years. This situation is not forecast to change even accounting for the recent (November 2016) adoption of the new Local Plan.

### 5. SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is forecast to generate income of £626,200 which is summarised in the table below:

Service Area	Original Estimate 2018/19 £	MTFP Target 2019/20 £	Original Estimate 2019/20 £	Shortfall or (Excess) over MTFP £
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	681,400	701,800	599,800	102,000
Building Control: Discretionary Charges	23,000	25,300	25,300	0
<b>TOTAL</b>	<b>705,500</b>	<b>728,200</b>	<b>626,200</b>	<b>102,000</b>

- 5.2** The acceptance of the charges highlighted within this report, will result in an anticipated level of income of £626,200 against the MTFP target of £728,200.

## **6. CONSULTATION**

- 6.1 Consultation to Date** – None.

- 6.2 Consultation Proposed** - Scrutiny as part of the budget process.

## **7. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS**

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1<sup>st</sup> April 2019, noting the impact these will have on income generation as detailed within the report.

## **8. CONTRIBTUION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer:** Jane Meek

**Ext:** 7190

**Appendices  
attached to report:**

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

- None

## **CORPORATE IMPLICATIONS/RISKS:**

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

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £626,400 against the MTFP target of £728,200. This represents a shortfall of £102,000 which has been put forward in the budget process as a pressure on Council resources. It is proposed that this pressure is funded from a fundamental review of existing base budgets and further work to determine the longer term impact this could have on the Council.

**EQUALITY** – None

**INFORMATION GOVERNANCE** – There are no information governance implications with this report.

## APPENDIX 1

### PLANNING SERVICES

**Miscellaneous Charges - from Building Control, Development Control, Investment & Policy**

#### General Charges – All Sections

Fee Description	18/19 Charge £	19/20 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/2014	0%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/2014	0%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/2014	0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)	01/04/2014	0%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/2014	0%
High Hedges submission fee**	385.00	385.00	01/04/2017	2.6%

**\*\* This fee is based on the costs of processing applications and matches the fee to process a standard planning application for a new dwelling. Should the planning application fee increase by 20% as indicated nationally, this fee will also increase.**

## Additional Charges – Building Control

### New Properties

Numbering new streets and naming of properties	Charge 18/19 £	Charge 19/20 £	Increase %
New individual property	42.00	43.26	3
New Street	126.00 for the first 10 units and £8.50 per unit thereafter	129.78 for the first 10 units and 8.75 per unit thereafter	3
Redevelopment of existing building	42.00	43.26	3
Alteration in either street name or property re numbering of a development after initial street name and numbering has been undertaken.	126.00 for the first 10 units and 8.50 per unit thereafter.	129.78 for the first 10 units and 8.75 per unit thereafter	3
Confirmation of postal address to solicitors or conveyances.	21.00	21.63	3

### Existing Properties and Changes of Use

Re numbering and renaming existing properties	Charge 18/19 £	Charge 19/20 £	Increase %
Change of existing house name	42.00	43.26	3
Adding an alias to a numbered property	42.00	43.26	3
Change of building name, flats etc	84.00 + 8.50 per unit	86.50 + 8.50 per unit	3
Request for street name change	210.00 + 42.00 per property	216.00 + 43.26 per property	3
Request for street numbering where none existed	210.00 + 42.00 per property	216.00 + 43.26 per property	3
Sub division of existing building into individual units	42.00 + 21.00 per property	43.26 + 21.00 per property	3

### Additional Building Control Discretionary Charges

Building Control/ discretionary charges	Charge 18/19 £	Charge 19/20 £	Increase %
Professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	1 hour 42.00 + VAT	1 hour 43.26 + VAT	3
A site visit together with professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	3 hours 126.00 + VAT	3 hours 129.80 + VAT	3
Demolition notice to be processed and counter notice served within 5 working days. Demolition notice carried out within statutory time period of 6 weeks	3 Hours 126.00  Free	3 hours 129.80	3



Dangerous structures where formal action is being taken under section 77 and 78 of the Building Act 1984.	During normal working hours 42.00 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.	During normal working hours 43.26 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.	3
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## Shop Mobility

Fee Description	18/19 Charge £	19/20 Charge £	Increase %
Radar Keys*	3.00	3.00	0
12 months membership of shop mobility	10	10	0
6 months membership of shop mobility	5	5	0

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

## Additional Charges – Local Plans

Fee Description	18/19 Charge £	19/20 Charge £	Postage £	Implementation Date	% Inc
* Carlisle District Local Plan 2015 – 2030	15.00*	15.00	3.00	01/04/17	0%
* Carlisle District Local Plan 2015 – 2030 Policies Maps	30.00	30.00	1.50	01/04/17	0%

\* Cost of Adopted Local Plan and associated Policies Map – charging intention is to recover full costs.

All technical studies constitute elements of a comprehensive evidence base which supports the development and implementation of policies within the Local Plan. All documents therefore have to be made publically available for inspection and increasingly through the website. The Council does not stock hard copies of such reports and instead any requests would necessitate these to be printed in-house with the costs of doing so derived from adopting the rates associated with supplying generic planning documents (e. 10p per page plus postage).

## **APPENDIX 2 – CORPORATE CHARGING POLICY 2019/20 TO 2023/24**

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2019/20 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

- ☐ Central government policy objectives

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

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

### **4. Trading**

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

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

### **5. Value For Money**

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



# Report to Executive

Agenda  
Item:

**A.1(b)(iii)**

Meeting Date: 12 November 2018  
Portfolio: Cross Cutting  
Key Decision: Yes: Recorded in the Notice Ref: KD.19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CHARGES REVIEW REPORT 2019/20 - GOVERNANCE AND REGULATORY SERVICES  
Report of: Corporate Director of Governance and Regulatory Services  
Report Number: GD.72/18

## Purpose / Summary:

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

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

## Recommendations:

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2019 noting the impact these will have on income generations as detailed within the report.

## Tracking

Executive:	<b>12 November 2018, 10 December 2018</b>
Scrutiny:	<b>BTSP 29/11/18; EGSP 22/11/18; HWSP 15/11/18</b>
Council:	<b>N/A</b>

## 1. BACKGROUND

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

## 2. CORPORATE CHARGING POLICY 2019/20 TO 2023/24

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as **Appendix L**, was approved by the Executive on 20 August 2018 and full Council on 11 September 2018 and sets out the City Council's policy for reviewing charges. The principle objective(s) of setting the charge are:
  - Recover the cost of service provision;
  - Generate Surplus Income (where permitted);
  - Maintain existing service provision;
  - Fund service improvements or introduction of new service(s);
  - Promote access to service for low-income households;
  - Promote equity or fairness;
  - Achieve wider strategic policy objective (e.g. encouraging green policies)
- 2.2 The MTFP currently assumes an income target of £912,000 for the financial year 2019/20 reflecting an increase of 3% on 2018/19 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their particular service or client's groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## 3. ENVIRONMENTAL HEALTH & HOUSING:

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

specified, been given a 3% increase in line with the medium term financial plan to recover some of the costs for providing these services.

The private water charges will remain the same as 2018/19, legislative changes have been introduced in July 2018 which allows the Council to charge above the previously set upper limit. A review will take place of the charging once we can obtain a better understanding of the impact on services. A separate report will follow.

- 3.2 **Appendix A** –The Housing Act 2004 places a duty on the City Council to Licence certain types of Houses in Multiple Occupation (HMO). Councils are permitted to charge their administration costs in connection with granting or refusing an HMO licence to a landlord.

Housing and Planning Act 2016 amended the definition of a HMO meaning that from 1<sup>st</sup> October 2018 more types of rented properties (those below the existing 3 story criteria) are under the Licensing requirements.

The projected income for HMO licence fees for 2019/2020 is set out below:

	Number of applications	Income
<b>Projected number of new HMO licence applications. (£566)</b>	5	£2,830
<b>Forecast of renewals of existing HMOs (£356)</b>	29	£10,324
<b>Expected discounts on licence fees (10%)</b>	9 at renewal cost, landlords with National Landlord Association accreditation	(£320.40)
<b>Expected income generation 2019/2020</b>		£12,833.60

A greater number of new HMO may require licensing in 2019/20 which would increase the income, five new applications are considered to be a guaranteed figure.

- 3.3 Immigration inspections are carried out on behalf of the residents of Carlisle City Council who are applying for permission for family members, living abroad, to come and live in the district. The inspections are required to confirm that the property will not be overcrowded with the additional resident and that the property does not pose significant harm to the individual. This is a discretionary service, which the Council could choose not to deliver.

The immigration report is required by the family of the applicant, for submission to their own High Commission, for onward transmission to the British High Commission, who then consider the request for immigration. It is an integral and necessary part of the immigration application and can only be undertaken by an appropriate Council Officer or qualified surveyor.

After an application is received then at present the Council aims to inspect the property within 10 working days

The table below outlines the proposed charges for 2019/2020:

<b>Proposed cost of application</b>	£125
<b>Option to fast track application and inspect within 5 working days</b>	£140
<b>Expected income generation 2019/2020</b>	£500 (4 visits)
<b>Income Budget 2019/20</b>	£500
<b>Income increase</b>	£0 based on estimate

3.4 The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The formula for charging will remain the same, but the hourly cost is updated to reflect hourly rates across Regulatory Services. The hourly rate includes all the expenditure costs in providing the services. The standardised hourly rate for Regulatory Services in 2019/20 of £64.67 reflects the Housing Act 2004 figure for 2018/19. Since the introduction of the charging system, there has been very limited income generation, so no income generation is included. Enforcement is always a last resort and most complaints are dealt with by advice and education rather than enforcement.

3.5 The Housing and Planning Act 2016 allow civil penalties to be imposed by the City Council as an alternative to prosecution for certain housing standard offences. The Executive considered and agreed the civil penalty levels for Carlisle on the 25<sup>th</sup> September 2017 (GD 61/17).

#### **4. HOMELESS, PREVENTION and ACCOMMODATION SERVICES** **Proposed Homeless Accommodation Rental Charges for 2019/20:**

4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, Homeless Act 2002 and amended by the Homeless Reduction Act 2017, to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 56 days; and are deemed to be vulnerable under the legislation.



- 4.2 The services are based on a pathways model of assessment and provision; delivering 24-hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Strategy 2015-20.
- 4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.
- 4.4 It is proposed to increase Homeless Accommodation rental charges by 3% as this reflects the actual costs of providing the services, please see **Appendix F**. This increase has been discussed and agreed as acceptable with the Revenue and Benefits Service Manager.

## **5. LEGAL SERVICES**

### **5.1 Local Land Searches**

- 5.1.1 Members will be aware that the Council is required by law to maintain a register of local land charges affecting land in its area. Searches of the local land charges register are carried out, most commonly as part of a house purchase, to see whether the property is affected by matters such as tree preservation orders or listed building status.
- 5.1.2 The search has two elements, namely LLC1 and CON29.
- 5.1.3 The LLC1 is the Official Certificate of Search which reveals all entries listed in the statutory Local Land Charges register. The Council charges for providing the Official Certificate of Search, which is a statutory service. A change in the law means that this statutory function will shortly be transferring to HM Land Registry. Carlisle is in the first phase of the transfer and has been advised that the transfer will take place between February and April 2019.
- 5.1.4 The CON29 enquiry form consists of a series of questions and a number of additional, optional enquiries which relate to matters outside the statutory register. The Council is able to add value by compiling and formatting an official report and levies a charge for this discretionary service. Following transfer of the LLC1 function, the Council will retain the CON29 service and will continue to charge for this service.
- 5.1.5 The Council is unable to charge a person for carrying out a personal inspection of the land charges register. The EIR provide, broadly, that environmental information should be made available for inspection without charge.

- 5.1.6 The Council therefore facilitates personal inspections by allowing access to the statutory register, which currently comprises paper records, on the eighth floor. For other environmental information which it holds, such as contaminated land and planning applications, it provides access through provision of an unrefined data report, which is simply an extract of information from records. No added value is given to this information, unlike the certificate of official search, and no charge is made.
- 5.1.7 The Council has to be transparent in the setting of charges. It is required to publish a statement of actual expenditure, number of requests and total income.

## 5.2 Legislation

- 5.2.1 The Local Land Charges Act 1975 (“the 1975 Act”) requires registering authorities in England to specify and publicise their own fees for local land charge services (except for personal searches of the local land charges register for which a charge may no longer be levied).
- 5.2.2 The Local Authorities (England) (Charges for Property Searches) Regulations 2008 (“the 2008 Regulations”) provide discretion for the Council to set its own charges to recover its costs in answering enquiries about a property.
- 5.2.3 Regulation 8 of the 2008 Regulations provides that:

*8.—(1) Subject to paragraph (2), a local authority may charge a person (including another local authority) in respect of answering enquiries from that person about a property.*

*(2) Any charge made under paragraph (1) may be made at the local authority’s discretion but must have regard to the costs to the local authority of answering enquiries about the property.*

- 5.2.4 Also relevant are the Environmental Information Regulations 2004 (“the EIR”) which apply to environmental information, including searches of the local land charges register. The EIR implement the provisions of the European Directive 2003/4/EC (“the Directive”) in to UK law.
- 5.2.5 Recital 18 of the Directive provides that authorities are entitled to levy a market-based charge where the information is being provided on a commercial basis and the service would not continue to be provided if such a charge could not be levied. As the Council is not legally required to provide official **CON29** searches, and because the service consists of more than simply making information available, recital 18 applies.

- 5.2.6 The Council is still, however, required to comply with the 2008 Regulations when setting official search fees. In other words, the Council must have regard to the cost of providing the information when setting fees.

### 5.3 VAT

- 5.3.1 Since 2016, HMRC has required authorities to charge VAT on CON29 searches.

### 5.4 Calculation of Fees

- 5.4.1 As the provision of CON29 searches is a discretionary service, the Council has a degree of discretion in the charges that it sets. The charges proposed are designed to maintain a market share of the property searches market. If the charge is set too high, customers will be drawn to the personal search companies. The charge needs to be set so that the Council retains or modestly increases its market share, thus generating income over and above cost, which will in turn enable better investment in the service. In particular, investment in web-based access to information will improve efficiency and speed. Digital information will eventually reduce the time spent assisting personal searchers, and in the future public access will be much more automated.
- 5.4.2 **Appendix H** sets out the cost of providing the local land charges service in Carlisle.
- 5.4.3 **Appendix I** sets out the number of searches carried per month since 2014. It is always difficult to foresee the number of searches that will be submitted in the coming year as this depends entirely on the strength of the housing market. Therefore, for the purposes of setting these charges it is assumed that performance will remain relatively constant.
- 5.4.4 Anticipated demand based on current performance is set out in **Appendix J**, which indicates the number of searches (which going forward will only include both CON 29 rather than CON29 and LLC1).
- 5.4.5 Members will note that personal searches are **not included** in **Appendix J** bearing in mind that no charge is levied, however, as indicated earlier, personal searches continue to be carried out and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies
- 5.4.6 The fee for the Standard Enquiries (CON29R) is presently £79.00 for domestic properties. The fee for Standard Enquiries for commercial properties is currently £100.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

## 5.5 Proposed Fees

5.5.1 It is recommended that the Council sets its fees for 2019/20 having regard to the cost of operating the service, to the Corporate Charging Policy and also with a view to increasing competitiveness in the market.

5.5.2 The proposed fees for 2019/20, therefore, will be (including the 10% discount for those searches submitted on line):

	<b>Con 29R</b>
<b>Domestic Properties</b>	£79.00 (Standard Enquiry for one parcel of land) £71.10 (NLIS 10% on-line discount) £10.00 (Each extra parcel of land)
<b>Commercial Properties</b>	£100.00 (Standard Enquiry for one parcel of land) £90.00 (NLIS 10% on-line discount) £20.00 (Each extra parcel of land)

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

	<b>CON29R £ incl VAT</b>	<b>LLC1 £</b>	<b>Combined £</b>
<b>Allerdale</b>	96	10	106
<b>Barrow</b>			
- Domestic properties	82.76	26.00	108.76
- Commercial properties	114.74	37.00	151.74
<b>Copeland</b>	102	30	132
<b>Eden</b>	79.20	25	104.20
<b>SLDC</b>	78	25	102*

\* The combined price charged offers a discount to applicants

5.5.4 Budgeted income from the Land Charges service for 2018/19 was £118,000. Actual income is forecast to be approximately £120,000.

5.5.5 Achieving the Corporate Charging Policy increase of 3% together with the estimated search numbers in the Medium Term Financial Plan, therefore, would result in a target income for 2019/20 of £121,500.

- 5.5.6 It must be realised, however, that in 2019/20 the Council will no longer be in receipt of any LLC1 income, post transfer to HM Land Registry. This amounts to a loss of approximately £29,700.
- 5.5.7 Further, as previously referenced within this report, an increasing number of customers choose to use personal search companies, against whom no charge is levied, to carry out their searches. Such companies are able to charge customers far less than the Council. In 2017/18 the Council reduced CON29 charges for domestic properties, partly to reflect the lesser amount of work compared to commercial properties, but partly also to increase our competitiveness vis a vis the personal search companies. It will, however, take time to increase our market share, particularly as the search companies remain the cheaper option.
- 5.5.8 It is, therefore, unlikely that a target income for 2019/20 of £121,500 would be achievable. A revenue pressure bid is being submitted for the £29,700 lost LLC1 income.
- 5.5.9 The actual amount of net income will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries.
- 5.5.10 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at **Appendix K**.
- 5.5.11 The proposed charges are set out at **Appendix G**.

## **5.7 Electoral Registers**

- 5.7.1 The Electoral Registration Officer has a statutory duty to maintain the electoral register and to publish a revised register by 1 December each year. Under the Representation of the People Regulations 2001, the Registration Officer must on request supply a copy of the full register to government departments and credit reference agencies and the edited version of the register to any person. The fees for supply of both registers are prescribed in the Regulations and are revised from time to time. The Council has no discretion to alter them. The current fees are £10 plus £5 for each 1,000 entries for printed registers and £20 plus £1.50 for each 1,000 entries in computer data form. A limited number of companies tend to buy the register each year, so the level of income is generally static at £1,200 per annum.
- 5.7.2 Marked copies of electoral registers used at polling stations are available for inspection for twelve months following each local election. Under new Regulations, copies of these registers can only be purchased by those entitled to receive free

copies of the full register (i.e. candidates and political parties) on payment of the prescribed fee. New fees, which came into force on 18 July 2008, are £10 plus £2 for each 1000 entries in printed format and £10 plus £1 for each 1000 entries in data format.

## **5.8 Minute Books, Room Bookings and Access to Information Requests**

- 5.8.1 The charge for hire of a room in the Civic Centre is currently £110.13 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £113.43 is recommended from 1 April 2019. The number of room bookings has fallen because the County Council, which used to regularly book rooms, now have facilities of their own, and other regular users no longer book rooms because an entitlement to meeting rooms is now incorporated in their tenancy agreements. Therefore, while there is no longer a regular stream of bookings the Council does receive a guaranteed rental income instead. It is anticipated that, following the redevelopment of the ground floor, the desirability of the facilities will increase.
- 5.8.2 The charge levied for the sale of Council Minute Books is £22.30 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3% to £22.97 from 1 April 2019. The annual income from the sale of Council Minutes is currently **negligible**.
- 5.8.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. The financial year 2014/15 was the first year in which a charge was made in order to recover the Council's costs in providing this service. It should be noted that all of the reports, agenda and other documents which are subject to the new copying charge will also be available free of charge on the Council's website.
- 5.8.4 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.
- 5.8.5 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2<sup>nd</sup> class mail at the prevailing

rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2019/20.

## 5.9 Training

5.9.1 In the financial year 2014/15, the Council introduced charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge is currently £400.00 plus VAT for one three-hour session (per group of 12) plus expenses if outside Carlisle District.

5.9.2 In the financial year 2017/18, a charge was introduced providing training in Data Protection. The charge is currently £400 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

5.9.3 To date, no chargeable training sessions have been provided. It is proposed to increase the charge for each type of training session to £410 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

## 5.10 Summary of Income Generated

5.10.1 The introduction of the charges proposed is forecast to generate income of £874,200 in 2019/20 which is summarised in the following table:

<b>Governance Service Area</b>	<b>Original Estimate 2018/19 £</b>	<b>MTFP Target 2019/20 £</b>	<b>Original Estimate 2019/20 £</b>	<b>Shortfall or (Excess) over MTFP £</b>
Land Charges (para 5.1 to 5.6)	118,000	121,500	91,800	29,700
Electoral Registers (para 5.7)	1,600	1,600	1,600	0
Minute Books/ Access to Information (para 5.8)	0	0	0	0
Training (para 5.9)	0	0	0	0
Environmental Protection Act	12,600	12,600	12,600	0
Pest Control	38,000	39,100	39,100	0
Food Safety	3,000	3,100	3,100	0



Housing – DFG's	62,500	62,500	62,500	0
Housing – HMO Licences	20,200	20,800	12,800	8,000
Housing – Immigration Inspections	600	600	500	100
Homelife Fees	30,000	30,000	30,000	0
Hostels	620,200	620,200	620,200	0
<b>Total</b>	<b>906,700</b>	<b>912,000</b>	<b>874,200</b>	<b>37,800</b>

## 6. CONSULTATION

### 6.1 Consultation to Date

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

### 6.2 Conclusions and Reasons for Recommendations

The Executive is asked to agree the charges as detailed within the report and set out in **Appendices A - L** with effect from 1 April 2019 noting the impact these will have on income generation as detailed within the report.

### 6.3 Contribution to the Carlisle Plan Priorities

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

**Contact Officer:** Mark Lambert **Ext:** 7003

**Appendices attached to report:**

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



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

**CORPORATE IMPLICATIONS/RISKS:**

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

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £874,200 against the MTFP target of £912,000. This represents an overall shortfall of £37,800. The shortfall of £29,700 in respect of Land Charges income has been put forward in the budget process as a pressure on Council resources and is due to the LLC1 element of the search transferring to HM Land Registry early in 2019. It is proposed that this pressure is funded from a fundamental review of existing base budgets and further work to determine the longer term impact this could have on the Council. The reduced income anticipated from HMO Licences and Immigration Inspections will be accommodated within the service.

**EQUALITY** - None

**INFORMATION GOVERNANCE** - The Council must ensure officers are fully informed of the charging regimes applicable to the information they process, to ensure charges are applied in accordance with the correct regime.

## APPENDIX A

### Housing and Pollution Charges

<b><u>HOUSING AND POLLUTION</u></b> <b><u>(Inclusive – VAT not applicable)</u></b>	<b><u>2018 /</u></b> <b><u>2019</u></b>	<b><u>2019/</u></b> <b><u>2020</u></b>	<b>COMMENT</b>
Community Protection Notices**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Community Protection Notices** paid within 7 days of issue	£80.00	£80.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders** – paid within 7 days of issue	£80.00	£80.00	Council wide Powers. Set by Legislation.
<b><u>PRIVATE WATER</u><sup>+</sup> (Inclusive – VAT not applicable)</b>			To be reviewed later following recent changes to legislation.
<b>ANALYSIS CHARGES</b>			Set by Legislation.
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
<b>SAMPLING CHARGES</b>			
Sampling (each visit)	£91.00	£91.00	
Risk Assessment (Domestic)	£111.50	£111.50	
Risk Assessment (Commercial)	£265.00	£265.00	
Other investigations (each investigation)	£100.00	£100.00	Maximum amount
Granting an authorisation (each authorisation)	£53.00	£53.00	
<b><u>CONTAMINATED LAND</u> (Inclusive – VAT not applicable)</b>			
Contaminated Land Information Request -per hour	£55.00	£64.67	Increase using consistent rates across Regulatory Services

<b><u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u></b>			
Works in default administration costs recovery	£17.11	£18.00	
Copying documents	14p per A4 sheet	14p per A4 sheet	
<b><u>MOBILE HOMES ACT 2013<sup>+</sup> (Inclusive – VAT not applicable)</u></b>			<b>These charges are calculated with a formula and have been adjusted by the 2019/20 hourly rate.</b>
Licence Fee- example of typical charge for up to 5 pitches	£350.00	£355.00	
Licence Fee- amendment, expansion	£222.00	£226.00	
Licence Fee - Transfer	£270.00	£275.00	
Inspection Fee- example of typical charge for up to 5 pitches	£143.00	£145.00	
Council hosting of site rules	£63.00	£64.00	
<b>HOUSING ACT 2004, HMO LICENCE FEES</b>			<b>New formula to reflect cost of delivering service</b>
Cost of new HMO Licence (per 10 letting units)	£540.00	£566.00	New legislation for HMOs
Cost of renewal of HMO Licence (per 8 letting units)	£333.00	£356.00	New legislation for HMOs
Cost of every additional unit above 10	£10.60	£10.80	New legislation for HMOs
Maximum licence fee	£900.00	£950.00	New legislation for HMOs

<b>Discount on HMO fee for NLA accredited Landlords</b>	10% discount	10% discount	
<b>Cost of additional correspondence</b>	£30.00	£32.00	New legislation for HMOs
<b>IMMIGRATION INSPECTIONS</b>			
<b>Fast Track Application</b>	£140.00	£140.00	
<b>Standard application</b>	£125.00	£125.00	
<b>ENFORCEMENT TIME, HOUSING ACT 2004</b>			
<b>Charged at Officer hour</b>	£63.51	£64.67	<b>Consistent rate across Regulatory Services</b>
<b>Empty Property Owner VAT support letter</b>	£15.00	£16.00	
<b>DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES</b>			
<b>Level Access Shower</b>	£566.00	£583.00	
<b>Shower toilets</b>	£558.00	£576.00	
<b>Ramps</b>	£566.00	£583.00	
<b>Stair lifts (TBC)</b>	£558.00	£576.00	
<b>Door Widening</b>	£566.00	£583.00	
<b>Major Adaptations</b>	<b>£1090.00</b>	£1123.00	
<b>Smaller Adaptations and non-framework adaptations</b>	£543.00	£559.00	
<b>Renovation Grant Costs</b>	£435.00	£448.00	
<b>Flat rate fee for additional lots, for DFG and renovation Grants</b>	£264.00	£273.00	
<b>Fee payable to Homelife for Central Heating referrals</b>	£248.00	£294.00	Same as Homelife fee for additional work to more accurately reflect process time
<b>Hourly charge for home visits</b>	£63.51	£64.67	<b>Increase using consistent rates across Regulatory Services</b>

**APPENDIX B**  
**Food Safety Charges**

<b>FOOD SAFETY</b> (VAT is not included and is charged at Standard Rate unless stated)	<b><u>2018 / 2019</u></b>	<b><u>2019 / 2020</u></b>	<b>COMMENT</b>
<b>Certification of unsaleable food</b>	£34.17 (£41.00 inc. VAT)	35.25 (£42.30 inc. VAT)	
<b>Food Hygiene Training</b>	£58.33 (£70.00 inc. VAT)	£60.08 (£72.10 inc. VAT)	Daily charge.
<b>Health and Safety Statement of Fact (per hour)</b>	£58.33 (£70.00 inc. VAT)	£64.67 (£77.60 inc. VAT)	Brought in line with department hourly rate
<b>Export Certificate</b>	£22.08	£26.00	3% increase and an additional increase of £3.00 to account for request for all originals now having to be posted rather than emailed.
<b>Cost of Officer time where applicable (per hour)</b>	£58.33	£64.67	Brought in line with department hourly rate
<b>Health Act 2006: - Smoking in Smoke free place or vehicle</b>	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
<b>Health Act 2006: - Failing to prevent smoking in a smoke free place/vehicle</b>	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
<b>Health Act 2006: - Failure to display smoke free' signage</b>	£200.00	£200.00	(Inclusive – VAT not applicable)
	£150.00	£150.00	(Inclusive – VAT not applicable)

## APPENDIX C

### Pest Control Charges

<b><u>PEST CONTROL</u></b> (VAT is not included and is charged at Standard Rate) - <b><u>Example of typical charges</u></b>	<b><u>2018 / 2019</u></b>	<b><u>2019 / 2020</u></b>	<b><u>Comment</u></b>
<b>Standard Farm Contract Service (Duration 12 months)</b>	£365.83 (£439.00 inc VAT)	£376.83 (£452.20 inc VAT)	Based on 3% increase
<b>Wasps (Domestic)</b>	£42.92 (£51.50 inc. VAT)	£44.25 (£53.10 inc VAT)	
<b>Wasps (Commercial)</b>	£85.00 (£102.00 inc. VAT)	£87.58 (£105.10 inc VAT)	
<b>Over 65 Wasp Treatment (Dom)</b>	£27.50 £33.00 inc. VAT)	£28.33 (£34.00 inc VAT)	
<b>Ants / Standard Fleas / Cockroaches (Domestic)</b>	£42.92 (£51.50 inc. VAT)	£44.25 (£53.10 inc VAT)	
<b>Ants / Standard Fleas / Cockroaches (Commercial)</b>	£85.00 (£102.00 inc. VAT)	£87.58 (£105.10 inc VAT)	
<b>Over 65 Ants / Standard Fleas / Cockroaches (Domestic)</b>	£27.50 (£33.00 inc. VAT)	£28.33 (£34.00 inc VAT)	
<b>Rats (Domestic)</b>	Free	Free	
<b>Mice (Domestic)</b>	£42.92 (£51.50 inc. VAT)	£44.25 (£53.10 inc VAT)	
<b>Rats and Mice (Commercial)</b>	£85.00 (£102.00 inc. VAT)	£87.58 (£105.10 inc VAT)	
<b>Call Out Charge</b>	£27.50 (£33.00 inc. VAT)	£28.33 (£34.00 inc VAT)	Required where advice but no treatment given to assist in recovering some officer time and travel costs.

## APPENDIX D

### Homelife Charges

<b><u>HOMELIFE CHARGES</u></b> (VAT is not included and is charged at Standard Rate) - Example of typical charges	<b><u>2018/19</u></b>	<b><u>2019/20</u></b>	<b>Comment</b>
<b>General Agency Fee</b>	15%	15%	
<b>Minor Measures</b>			
<b>Minor Measure Grant Admin Fee</b>	£75.00	£75.00 per case	15% of £500
<b>Handy Person/Casual Homelife rates</b>	£75.00	£75.00 per case	
<b>Key safes</b>	£75.00	£75.00	
<b>Safe and Warm Grants</b>			
<b>Safe and Warm Administration Fee</b>	£492.25	£507.00	Formula considers hourly rate and average officer time.
<b>Additional quotes from contractors for works within the same grant</b>	£285.82	£294.00	To ensure recovery of administration costs for grants requiring liaison with multiple contractors.
<b>Health Through Warmth Rapid care grant</b>	£127.02	£129.34	Based on 2 hours of hourly rate
<b>SPECIFIC CALCULATIONS</b>			
<b>Home visits</b>	£63.51	£64.67	Based on one hour.
<b>Obtaining charity funding</b>	£127.02	£129.34	Based on 2 hours
<b>Applications Assistance</b>	£63.51	£64.67	Based on 1 hour
<b>Homelife Hourly Rate</b>	£63.51	£64.67	<b>Increase using consistent rates across Regulatory Services</b>

## APPENDIX E

**LA Pollution Prevention Control (Part B) Charges for 2018/19 - Charges for 2019/20 should be available in February 2019.**

TYPE OF CHARGE	TYPE OF PROCESS	2018/19 FEE
Application Fee	Standard process (includes solvent emission activities)	£1650
	Additional fee for operating without a permit	£1188
	PVRI, and Dry Cleaners	£155
	PVR I & II combined	£257
	VRs and other Reduced Fee Activities	£362
	Reduced fee activities: Additional fee for operating without a permit	£71
	Mobile plant**	£1650
	for the third to seventh applications	£985
	Where an application for any of the above is for a combined Part B and waste application, add an extra £310 to the above amounts	£808
Annual subsistence charge	Standard process Low	£772 (+£104)*
	Standard process Medium	£1161 (+£156)*
	Standard process High	£1747 (+£207)
	PVRI, and Dry Cleaners L/M/H	£79/£158/£237
	PVR I & II combined L/M/H	£113/£226/£341
	VRs and other Reduced Fees	£228/£365/£548
	Mobile plant, for first and second permits L/M/H**	£626/£1034/£1551
	for the third to seventh permits L/M/H	£385/£617/£924
	eight and subsequent permits L/M/H	£198/£316/£473
	Late payment Fee	£52
	*the additional amounts in brackets must be charged where a permit is for a combined Part B and waste installation	
	Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £104 to the above amounts	
Transfer and Surrender	Standard process transfer	£169
	Standard process partial transfer	£497



	New operator at low risk reduced fee activity (extra one-off subsistence charge – see Art 15(2) of charging scheme)	£78
	Surrender: all Part B activities	£0
	Reduced fee activities: transfer	£0
	Reduced fee activities: partial transfer	£47
Temporary transfer for mobile plant	First transfer	£53
	Repeat following enforcement or warning	£53
Substantial change	Standard process	£1050
	Standard process where the substantial change results in a new PPC activity	£1650
	Reduced fee activities	£102

\*\* Not using simplified permits

#### LAPPC (Part B) mobile plant charges for 2018/19 (Not using simplified permits)

Number of permits	Application fee	Subsistence fee			
		Low	Medium	High	
1	£1650	£646	£1034	£1506	
2	£1650	£646	£1034	£1506	
3	£985	£385	£617	£924	
4	£985	£385	£617	£924	
5	£985	£385	£617	£924	
6	£985	£385	£617	£924	
7	£985	£385	£617	£924	
8 and over	£498	£198	£316	£473	

**LA-IPPC (Part A2) charges for 2018/19**

NB – every subsistence charge in the table below includes the additional £104 charge to cover LA costs in dealing with reporting under the E-PRTR Regulation.

Type of charge	Local Authority element 2018/19
Application	£3363
Additional fee for operating without a permit	£1188
Annual Subsistence LOW	£1447
Annual Subsistence MEDIUM	£1611
Annual Subsistence HIGH	£2334
Late payment fee	£52
Variation	£1368
Substantial Variation (where 9 (2) (a) or 9 (2) (b) of the scheme applies)	£3363
Transfer	£235
Partial transfer	£698
Surrender	£698

## APPENDIX F

### Proposed 2019/20 Charges – Homeless Accommodation Charges

PROJECT	Proposed Charge from 1 April 2019	Current charge
<b>WATER STREET FAMILY RATE</b>	£	£
<b>Total Charge</b>	<b>£331.80</b>	£322.14
HB eligible Charge	£311.50	
Personal Charge	£20.30	
<b>WATER STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£284.76</b>	£276.43
HB eligible Charge	£268.03	
Personal Charge	£16.73	
<b>JOHN STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£325.99</b>	£316.47
HB eligible Charge	£311.50	
Personal Charge	£14.49	
<b>HOMESHARES FAMILY RATE</b>		
<b>Total Charge</b>	<b>£361.48</b>	£350.91
HB eligible Charge	£340.55	
Personal Charge	£20.93	
<b>HOMESHARES SINGLE RATE</b>		
<b>Total Charge</b>	<b>£331.24</b>	£321.65
HB eligible Charge	£315.98	
Personal Charge	£15.26	
<b>HOMESHARES SHARED RATE</b>		
<b>Total Charge</b>	<b>£320.46</b>	£311.08
HB eligible Charge	£306.81	
Personal Charge	£13.65	

## APPENDIX G

### Governance Charges

#### GOVERNANCE

	<u>Actual</u> <u>Charges</u> <u>2018/19</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2019/20</u> <u>£</u>
<b>1. Land Charges – Search Fees (VAT Outside the Scope/ Non-Business)</b>		
Registration of a charge in Part II of the Register	60.00	60.00
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	2.10
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	6.30
Inspection of documents filed under Rule 10 in respect of Land	2.10	2.10
Official Search (incl. Issue of official certificate of search):-		
Domestic Properties:		
a) in any one part of the register (10% on-line discount)	3.50 (3.40)	-
b) in the whole of the register (10% on-line discount)	17.00 (15.30)	-
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	1.00	-
Commercial Properties:		
a) in any one part of the register (10% on-line discount)	5.00 (4.50)	-
b) in the whole of the register (10% on-line discount)	33.00	-

(29.70)
---------

and in addition, in respect of each parcel of land above one, where  
Under Rule 11(3) more than one parcel is included in the same  
Requisition (where the requisition is for a search in the whole or in any  
part of the register), subject to a maximum of £13.00

1.00	-
------	---

Office copy of any entry in the register (not including a copy  
of extract of any plan or document filed pursuant to  
these rules)

1.50	-
------	---

Copy or extract of any plan or other document filed pursuant  
to these rules

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

#### Part I – Standard Enquiries

##### Domestic Properties

a) One parcel of land	79.00	79.00
One parcel of land (Level 2/3) (10% discount)	71.10	71.10

##### b) Several parcels of land

- First parcel	79.00	79.00
- Each addition	15.00	15.00

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

##### Commercial Properties

a) One parcel of land	100.00	100.00
One parcel of land (Level 2/3) (10% discount)	90.00	90.00

##### b) Several parcels of land

- First parcel	100.00	100.00
- Each addition	20.00	20.00

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

Part II – Optional Enquiries\*

	Each printed enquiry – Urban	10.00	10.00
	Each printed enquiry – Rural	10.00	10.00
	Question 22 on form CON29O	20.00	20.00
	Question 4 on form CON29O	4.00	4.00
	Each additional enquiry	10.50	10.50
<b>2.</b>	<b>Council Minutes (VAT Standard Rate)</b>		
	Per Booklet	21.65	22.30
<b>3.</b>	<b>Access to Information Requests</b>		
	Per black and white sheet	0.02	0.02
	Per colour sheet	0.05	0.05
	(plus, second class postage costs at the prevailing rate)		
<b>4.</b>	<b>Electoral Registers (VAT - Outside/Scope)</b>		
	In Printed Form*	10.00	10.00
	Plus per 1,000 entries *	5.00	5.00
	Binding of Register	3.65	3.65
	In Computer Data Form*	20.00	20.00
	Plus per 1,000 entries *	1.50	1.50
	Full Printed Register* (limited statutory availability)	410.00	410.00
	Full Data Copy* (limited statutory availability)	127.50	127.50
	Edited Printed Register* (60,000 entries)	310.00	310.00
	Edited Data Copy* (60,000 entries)	110.00	110.00
	*These charges are set by Regulation		
<b>5.</b>	<b>Training</b>		
	Training Sessions in Health and Safety and Data Protection topics per three- hour session (per group of 12 max)	400.00	410.00
	Travel Expenses if outside Carlisle District	+	+
	+ travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc		
<b>6.</b>	<b>Civic Centre (VAT exempt)</b>		
	Room Letting - per session	110.13	113.43

## APPENDIX H

### Land Charges Costs

	Actual 2016/17	Budget 2016/17	Actual 2017/18	Budget 2017/18	Budget 2018/19	MTFP Budget 2019/20
Employee Related	12,060	12,300	14,863	24,600	25,100	25,700
Premises Related	740	700	247	200	300	200
Transport Related	0	0	58	0	0	0
Supplies & Services	37,442	38,800	26,564	37,700	37,700	37,700
Recharges	25,307	25,300	28,818	28,800	29,300	29,300
<b>Total Expenditure</b>	<b>75,549</b>	<b>77,100</b>	<b>70,550</b>	<b>91,300</b>	<b>92,400</b>	<b>92,900</b>
Income	(149,186)	(140,000)	(111,042)	(144,200)	(118,000)	(121,500)
<b>Total Income</b>	<b>(149,186)</b>	<b>(140,000)</b>	<b>(111,042)</b>	<b>(144,200)</b>	<b>(118,000)</b>	<b>(121,500)</b>
<b>Net Position</b>	<b>(73,637)</b>	<b>(62,900)</b>	<b>(40,492)</b>	<b>(52,900)</b>	<b>(25,600)</b>	<b>(28,600)</b>

\*2019/20 MTFP budget for recharges is based on the 2018/19 recharge level

## APPENDIX I

### Land Charges Data

	2014/15				2015/16				2016/17				2017/18				2018/19			
Month	Standard Search	LLC1 only	Personal Search		Standard Search	LLC1 only	Personal Search		Standard Search	LLC1 only	Personal Search		Standard Search	LLC1 only	Personal Search		Standard Search	LLC1 only	Personal Search	
April	114	3	0 <sup>2</sup>		85	8	0 <sup>2</sup>		80	14	0 <sup>2</sup>		77	3	0 <sup>2</sup>		64	23	0 <sup>2</sup>	
May	95	4	0 <sup>2</sup>		55	3	0 <sup>2</sup>		132	8	0 <sup>2</sup>		98	5	0 <sup>2</sup>		109	22	0 <sup>2</sup>	
June	85	6	0 <sup>2</sup>		121	4	0 <sup>2</sup>		115	21	0 <sup>2</sup>		116	19	0 <sup>2</sup>		100	23	0 <sup>2</sup>	
July	109	29	0 <sup>2</sup>		77	8	0 <sup>2</sup>		102	6	0 <sup>2</sup>		71	13	0 <sup>2</sup>		78	9	0 <sup>2</sup>	
August	86	5	0 <sup>2</sup>		79	5	0 <sup>2</sup>		97	4	0 <sup>2</sup>		89	14	0 <sup>2</sup>		98	8	0 <sup>2</sup>	
September	85	12	0 <sup>2</sup>		74	4	0 <sup>2</sup>		102	19	0 <sup>2</sup>		86	7	0 <sup>2</sup>		91	5	0 <sup>2</sup>	
October	91	4	0 <sup>2</sup>		76	6	0 <sup>2</sup>		143	18	0 <sup>2</sup>		105	15	0 <sup>2</sup>					
November	79	8	0 <sup>2</sup>		115	7	0 <sup>2</sup>		114	15	0 <sup>2</sup>		81	5	0 <sup>2</sup>					
December	79	2	0 <sup>2</sup>		63	5	0 <sup>2</sup>		83	4	0 <sup>2</sup>		49	10	0 <sup>2</sup>					
January	88	7	0 <sup>2</sup>		65	5	0 <sup>2</sup>		54	6	0 <sup>2</sup>		61	3	0 <sup>2</sup>					
February	71	21	0 <sup>2</sup>		93	4	0 <sup>2</sup>		92	6	0 <sup>2</sup>		98	7	0 <sup>2</sup>					
March	107	2	0 <sup>2</sup>		82	10	0 <sup>2</sup>		76	1	0 <sup>2</sup>		75	4	0 <sup>2</sup>					
<b>Total</b>	<b>1089</b>	<b>103</b>	<b>0<sup>2</sup></b>		<b>985</b>	<b>69</b>	<b>0<sup>2</sup></b>		<b>1190</b>	<b>122</b>	<b>0<sup>2</sup></b>		<b>1006</b>	<b>105</b>	<b>0<sup>2</sup></b>		<b>540</b>	<b>90</b>		

<sup>1</sup> FIGURES SHOWN ARE UP TO SEPTEMBER 2018

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



## APPENDIX J

### Anticipated Demand Based on Current Performance

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	90.55%	1006 (around 57.25% electronic)
LLC1 only	9.45%	105 (around 11.4% electronic)
<b>Total</b>	<b>100%</b>	<b>1111</b>

## APPENDIX K

### Land Charges Budget History

Period	Net Income	Original Budget
2015/16	£150,142	£169,200
2016/17*	£149,186	£140,000
2017/18	£111,042	£144,200
2018/19**	£120,000 est. (£62,811 to date)	£118,000 (£59,016 to date)

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

\*\* The base budget for 2017/18 was reduced by a recurring budget pressure of £30,500 as part of the 2017/18 budget process

## **APPENDIX L**

### **Corporate Charging Policy 2019/20 TO 2023/24**

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 (e.g. pre-application planning advice)
- Central government policy objectives

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

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

### **4. Trading:**

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

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

### **5. Value for Money:**

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

# Report to Executive

Agenda  
Item:

**A.1(b)(iv)**

Meeting Date: 12<sup>th</sup> November 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework NO  
Public / Private Public

Title: REVIEW OF CHARGES 2019/20 – LICENSING  
Report of: Corporate Director of Governance and Regulatory Services  
Report Number: GD 87/18

## Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive. The fees are outlined in the attached report GD 77/18.

## Recommendations:

The Executive is asked to note the charges that were considered by the Regulatory Panel on 17<sup>th</sup> October 2018. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period on 1<sup>st</sup> August 2016.

## Tracking

Executive:	12/11/18 & 10/12/18
Scrutiny:	Health & Wellbeing O&S Panel 15/11/18 Economic Growth O&S Panel 22/11/18 Business & Transformation O&S Panel 29/11/18
Council:	N/A

# Report to Regulatory Panel

Agenda  
Item:

Meeting Date: 17<sup>th</sup> October 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Not Applicable:  
Within Policy and Budget Framework YES  
Public / Private Public

Title: REVIEW OF CHARGES 2019/20 – LICENSING  
Report of: Corporate Director of Governance & Regulatory Services  
Report Number: GD 77/18

## Purpose / Summary:

This report sets out the proposed fees and charges for licences falling within the responsibility of the Licensing Section and the Food and Public Protection Section of the Governance and Regulatory Services Directorate. The Regulatory Panel has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive

## Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1<sup>st</sup> April 2019 (with the exception of the Scrap Metal Act fees which have been determined by the Executive) .

## Tracking

Executive:	12/11/18 & 10/12/18
Scrutiny:	Health & Wellbeing O&S Panel 15/11/18 Economic Growth O&S Panel 22/11/18 Business & Transformation O&S Panel 29/11/18
Council:	N/A

## **1. BACKGROUND**

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

## **2. CORPORATE CHARGING POLICY 2019**

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive and Full Council and sets out the City Council's policy for reviewing charges.
- 2.2 It is recognised that licence fees (that can be determined by local authorities) can only be set at a level which recovers the cost of administration, inspection and in some cases compliance of existing licences, which arise out of carrying out their licensing functions under the various legislation. Under European Directive 2006/123 art 13(2), any charges which an applicant for a licence may incur shall be reasonable and proportionate to the cost of the authorisation procedures in question and shall not exceed the cost of the procedures.
- 2.3 It is Council policy to maximise charges to maintain full cost recovery wherever possible, and this should be the case when setting charges. In the case of licensing Section, we are currently operating at an income level that is achieving full cost recovery.
- 2.4 Recognition should be made of the risk that licensing income levels can be subject to market forces out with the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function.
- 2.5 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or client groups.

### 3 LICENCES

- 3.1 Licensing income covers an extremely wide range of functions for which the Council is the licensing authority and the number of applications for various licences fluctuates each year. The current principal functions relate to the issue of licences for Premises and Personal (Licensing Act 2003), Hackney Carriages/Private Hire (Vehicles, Drivers and Operators), Gambling Premises and Machine Permits (Gambling Act 2005), Street Trading, Auctioneers and Sex Establishments.
- 3.2 The licensing of activities involving animals has historically been administered and enforced by Environmental Health; except for Riding Establishments which is currently under the remit of the Licensing Section. The fees and charges associated with these licences will now be brought to Regulatory Panel for determination and approval. A recent change in Animal Welfare legislation, introduced the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018, came into force on 1<sup>st</sup> October 2018 and consolidated a of number of existing pieces of legislation concerning animal licensing, namely:
- Animal Boarding
  - Dog Breeding
  - Pet Shops
  - Riding Establishments

Due to all animal activities falling under one licence requirement, it has been agreed that the activity associated with the 'Riding of Horses' be transfer to the Food and Public Protection Section of Environmental Health.

- 3.3 The fee structure for charges relating to the Licensing Act 2003 is fixed by the Government.
- 3.4 With regard to the Gambling Act 2005 local authorities assumed responsibility for licensing gambling premises and gaming machines during 2007, whilst the Gambling Commission licensed operators and personal licence holders. The fee banding was set nationally, and licensing authorities were given the flexibility to set their fees within these bands, dependent upon local circumstances. On 4<sup>th</sup> April 2007 the Licensing Committee (through delegated authority) determined the fees in accordance with the regulations which are included in Appendix B. Fees under the Act for Lottery registration are fixed by Central Government.
- 3.5 The remaining licences administered by the Authority have locally set charges. A full review of the charging was undertaken for the charges for 2018/19 using a new formula on a cost per hour charge and a fee structure was agreed. This has formed a fair charging structure and it is proposed that the charges which are set by the Council are increased for 2019/20 by 3% in line with the MTFP and covers the additional costs following the restructure of the Licensing function which was undertaken in 2017/18. This will not compromise the Council's position as a fair



charging authority and should achieve full cost recovery for the administration process.

## **4 LICENCING ACT 2003**

### **PREMISES LICENCES AND CLUB CERTIFICATES**

- 4.1 The total number of premises and club certificates currently licensed is 518. This will always fluctuate each year and applications for variations will continue. We are now in a position to predict with a fair degree of accuracy what the income will be in 2019/20.
- 4.2 The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. There is no change in the fee structure and based upon the current number of licences issued, it is estimated that there will be an income of £100,000 in 2019/20 as set out in the fee bands at Appendix A.

### **PERSONAL LICENCES**

- 4.3 Any person who authorises the sale of alcohol requires a personal licence. All premises that are licensed for the sale of alcohol must therefore have a personal licence holder to authorise that sale.
- 4.4 We currently have a total of 1834 Personal Licences issued to date and a licence is issued for an indefinite period.
- 4.5 The Authority receives requests for amendments to licences and these are charged at £10.50.
- 4.6 Based upon the current numbers of applications received between 1<sup>st</sup> April 2018 and the 1<sup>st</sup> October 2018 it is estimated that this will continue at the same level and generate an estimated annual income of £3,500.

## **5 VEHICLE & DRIVERS LICENCES**

### **HACKNEY CARRIAGE VEHICLES**

- 5.1 Under the provision of the Local Government (Miscellaneous Provisions) Act 1976, the City Council may fix a reasonable fee to cover the cost of administration of Hackney Carriage Licences and vehicle inspections.

### **HACKNEY CARRIAGE DRIVER LICENCES**

- 5.2 The cost of a new driver licences reflect work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.

- 5.3 Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced Private Hire drivers who apply for a Hackney Carriage Drivers Licence are charged at a renewal rate.
- 5.4 The Licensing Section currently supply an information/application pack for potential applicants. It is estimated that 10 packs per month are supplied (120 per year) and on average we received 22 new driver applications per year.
- 5.5 It is proposed that a charge is introduced for the information/application pack of £10. This charge will be deducted from the application fee if/when the new driver makes an application.
- 5.6 All information and forms (excluding the Disclosure and Barring Service application form) contained in the pack will be made available on [www.carlisle.gov.uk](http://www.carlisle.gov.uk) and potential applicants will be signposted to the webpage and can make a choice whether to print out details at home or pay for the pack.

### **PRIVATE HIRE**

- 5.7 The Local Government (Miscellaneous Provisions) Act 1976 provides for the regulation of the private hire trade by means of the issue of licences for operators, vehicles and drivers.

### **PRIVATE HIRE DRIVER LICENCES**

- 5.8 The cost of a new driver licence reflects work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.
- 5.9 Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced Hackney Carriage Drivers who apply for a Private Hire Drivers Licence are charged at a renewal rate.
- 5.10 The Licensing Section currently supply an information/application pack for potential applicants. It is estimated that 5 packs per month are supplied (60 per year) and on average we received 10 new driver applications per year.
- 5.11 It is proposed that a charge is introduced for the information/application pack of £10. This charge will be deducted from the application fee if/when the new driver makes an application.
- 5.12 All information and forms (excluding the Disclosure and Barring Service application form) contained in the pack will be made available on [www.carlisle.gov.uk](http://www.carlisle.gov.uk) and potential applicants will be signposted to the webpage and can make a choice whether to print out details at home or pay for the pack.

- 5.13 The fees for drivers, vehicles and operators, which aim to generate income of £75,200 for Hackney Carriage and £30,400 for Private Hire in 2019/20, are set out in Appendix A.

## **6 SEX ESTABLISHMENTS**

- 6.1 The City Council has issued two sex establishment licences. It is proposed that the fee is increased to £2,060 for a new application and £1,950 for a renewal application. It is estimated that the income received is £3,900 in 2019/20.

## **7 AUCTIONEERS**

- 7.1 We only have one premise which requires licensed auctioneers. Currently we have 16 licensed Auctioneers, compared to 13 in previous years. The estimated income in 2019/20 is £600.

## **8 PLEASURE BOATS & BOATMEN**

- 8.1 The number of pleasure boats and boatmen has remained static in recent years. In order to approve the application, the Licensing Authority is required to commission a professional inspector to assess the pleasure boats. The cost of this service is incorporated into the licence fee. The licensing of pleasure boats and boatmen is to be reviewed during the current financial year and it is suggested that current charges remain static until this is complete. This aims to generate income of £500 in 2019/20.

## **9 SCRAP METAL DEALERS**

- 9.1 The Scrap Metal Dealers Act 2013 which commenced on 1<sup>st</sup> October 2013 brings together two earlier pieces of legislation that covered Scrap Metal and Motor Salvage Operators. The licence covers a three year period therefore the income will vary from year to year.
- 9.2 The current fee was agreed by the Executive on 1<sup>st</sup> August 2016 for a period of three years and will be reviewed again in 2019.
- 9.3 The current renewals expect to generate income of £2,900 in 2019/20, as set out in Appendix A.

## **10 STREET TRADING**

- 10.1 The Council issues Street Trading Consents on an annual and occasional basis. Currently there are 23 holders of annual consents and during 2017/18 11 occasional consents were issued.

- 10.2 Based upon the current numbers of consents it is estimated that this will generate an estimated annual income of £5,000.

## **11 ANIMAL WELFARE (LICENSING OF ACTIVITIES INVOLVING ANIMALS) (ENGLAND) REGULATIONS 2018**

- 11.1 The above legislation has introduced a new licensing regime for the following animal activities:
- Selling animals as pets
  - Animal boarding (including Kennels/Catteries/Dog Day Care/Home Boarding for dogs)
  - Breeding of dogs
  - Hiring Out Horses (including Riding Establishments)
  - Keeping or training animals for exhibition

Prior to the introduction of the new requirements on 1<sup>st</sup> October 2018, the Council issued:

27 x Animal Boarding Establishment Licences

14 x Dog Breeding Establishment Licences

12 x Pet Shops Establishment Licences

4 x Riding Establishment Licences

0 x Zoo Licences / Dangerous Wild Animal Licences

The responsibility to register animals kept and trained for exhibition purposes was previously the responsibility of Cumbria County Council (CCC). The new licensing provisions now make this activity the responsibility of Carlisle City Council. Based on the current register held by CCC, we do not anticipate the number of new applications to be significant.

Based on the new approved fees and charges, an estimated income of £8,000 will be generated in 2019/20 for animal activity related licences.

## **12 COSMETIC PIERCING, TATTOOING, ELECTROLYSIS & ACUPUNCTURE**

- 12.1 Any person or businesses engaged in the business or practice of Cosmetic Piercing, Tattooing, Electrolysis, Semi-Permanent Skin Colouring and Acupuncture, must be registered with their Local Authority. This is a one-off registration and is not subject to renewal requirement. The fees and charges associated with the registration of the above activities will now be brought to Regulatory Panel for determination and approval. The administration and enforcement of the registration provisions is undertaken by officers of the Food and Public Protection Section. There has been a decrease in the number of new applications received over recent years. This is partially due to the reduced number of applications received during an annual tattooing convention in Carlisle as each year more of the tattooists have

existing licences. The current fee should generate an income of approximately £1,000 in 2019/20.

### **13 GAMBLING ACT 2005**

#### **LOTTERY LICENCES**

- 13.1 The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the income target has been reduced to reflect this. The current fee should generate approximately £4,000 in 2019/20.

#### **GAMBLING PREMISES AND MACHINE PERMITS**

- 13.2 The fee bands are set by central government and the Licensing Committee sets its own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4<sup>th</sup> April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.
- 13.3 At the current level of fees, an estimated income of £14,000 for Gambling Premises and Machine Permits will be received during 2019/20 which is set out in Appendix C

## 14 SUMMARY OF INCOME GENERATED

14.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £240,000 for the Licensing Section in 2019/20 which is summarised in the table below:

Service Area	Updated Budget 2018/19	MTFP Target 2019/20	Original Estimate 2019/20	Shortfall or (Excess) over MTFP	
Licensing Act 2003 - Premises	99,000	99,000	100,000	(1,000)	*
Licensing Act 2003 - Personal Licences	3,500	3,500	3,500	0	*
Gambling Act 2005 - Lotteries	4,400	4,400	4,000	400	*
Gambling Act 2005 - Premises and Gaming Machines	14,000	14,000	14,000	0	*
Hackney Carriage	73,000	73,000	75,200	(2,200)	
Private Hire	29,500	29,500	30,400	(900)	
Sex Establishment	3,800	3,800	3,900	(100)	
Auctioneers	600	600	600	0	
Pleasure Boats	500	500	500	0	
Scrap Metal	2,900	2,900	2,900	0	
Street Trading	4,800	4,800	5,000	(200)	
Animal Welfare Licensing	3,000**	3,000**	8,000	(5,000)	
Cosmetic Piercing, Tattooing, Electrolysis & Acupuncture	1,000	1,000	1,000	0	
<b>Total</b>	<b>240,000</b>	<b>240,000</b>	<b>249,000</b>	<b>(9,000)</b>	

\*Fixed fee

\*\* Income from previous animal licensing legislation (see Chapter 11)

## **15 CONSULTATION**

Consultation to Date – None

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

## **16 RECOMMENDATIONS**

- 17** The Regulatory Panel is asked to agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1<sup>st</sup> April 2019 (with the exception of the Scrap Metal Act fees which have been determined by the Executive) .

## **18 REASONS FOR RECOMMENDATIONS**

To ensure that the City Council's Corporate Charging Policy is complied with and sufficient income is generated to cover the costs associated with administering and enforcing the Council's statutory licensing function

<b>Contact Officer:</b>	<b>Nicola Edwards</b>	<b>Ext: 7025</b>
	<b>Andrew Smith</b>	<b>7098</b>

<b>Appendices attached to report:</b>	<b>A – Charging Structure 2019/20 – Licensing Act &amp; Misc</b>
	<b>B – Proposed Charging 2018/20 – Animal Welfare</b>
	<b>C – Proposed Charges 2019/20 – Gambling</b>

**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:**

**LEGAL – None**

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £249,000 against the MTFP target of £240,000. This represents an increase of £9,000 against the MTFP target.

**EQUALITY – None**

**INFORMATION GOVERNANCE – None**

## Charging structure – Licensing 2019/20

Licensing Act 2003 (charges are currently set by the Home Office)

	New	Charge from 01/04/18 Annual Fee	Charge from 01/04/19 Annual Fee	Implementation Date
<b>Premises</b>	<b>Band A</b>	100.00	70.00	24/11/05
	<b>Band B</b>	190.00	180.00	24/11/05
	<b>Band C</b>	315.00	295.00	24/11/05
	<b>Band D</b>	450.00	320.00	24/11/05
	<b>Band E</b>	635.00	350.00	24/11/05
<b>Personal Licence</b>	37.00	Amendment – 10.50	Amendment 10.50	24/11/05

## Vehicles - Hackney Carriages

		Charge from 01/04/18	Proposed Charge from 01/04/19
<b>Hackney Carriage Vehicle</b>	New	230.00	236.00
	Renewal	190.00	195.00
<b>Hackney Carriage Driver – 1 year</b>	New	165.00	170.00
	Renewal	110.00	113.00
<b>Hackney Carriage Driver – 3 year</b>	New	285.00	294.00
	Renewal	195.00	200.00
<b>Certificate of Compliance (COC)</b>		11.00	11.00
<b>Transfer of Licence</b>		31.00	32.00
<b>Change of Vehicle</b>		50.00 (inc Plate)	52.00 (inc plate)
<b>Duplicate Licence</b>		13.00	13.00
<b>Test Fee</b>		52.00	53.50
<b>Test Fee DNTU</b>		26.00	26.00
<b>Retest Fee</b>		36.00	37.00
<b>New Licence Plate</b>		14.00	14.00

## Vehicles – Private Hire



		Charge from 01/04/18	Proposed Charge from 01/04/19
<b>Private Hire Vehicle</b>	New	206.00	212.00
	Renewal	165.00	170.00
<b>Private Hire Driver – 1 year</b>	New	165.00	170.00
	Renewal	110.00	113.00
<b>Private Hire Driver – 3 year</b>	New	285.00	294.00
	Renewal	195.00	200.00
<b>Certificate of Compliance (COC)</b>		11.00	11.00
<b>Transfer of Licence</b>		30.00	32.00
<b>Change of Vehicle</b>		50.00 (inc. Plate)	52.00(inc plate)
<b>Duplicate Licence</b>		13.00	13.00
<b>Test Fee</b>		52.00	53.50
<b>Test Fee DNTU</b>		26.00	26.00
<b>Retest Fee</b>		36.00	37.00
<b>Private Hire Operator</b>	<b>1-5 Vehicles</b> 1 Year	210.00	216.00
	5 Year	490.00	505.00
	<b>6-10 Vehicles</b> 1 Year	275.00	284.00
	5 Year	615.00	643.00
	<b>11-20 Vehicles</b> 1Year	320.00	330.00
	5 Year	725.00	746.00
	<b>21-30 Vehicles</b> 1 Year	365.00	375.00
	5 Year	870.00	895.00
<b>New Licence Plate</b>		14.00	14.00

## Miscellaneous Licences

		Charge from 01/04/18	Proposed Charge from 01/04/19
<b>Auctioneers</b>		45.00	46.00
<b>Sex</b>	New	2000.00	2060.00
<b>Establishments</b>			
	Renewal	1900.00	1950.00
	Variation	250.00	257.00
	Transfer	125.00	128.00
<b>Street Trader</b>	New	230.00	236.00
	Renewal	210.00	216.00
	Occasional	50.00	51.50
		30.00 (annual consent holders)	31.00
<b>Scrap Metal Collector</b>	New	250.00	No Change - Charges agreed by Executive
	Renewal	250.00	
	Vary Name/Address	30.00	
<b>Scrap Metal Site</b>	New	415.00	
	Renewal	415.00	
	Vary Name	30.00	
	Vary Site Manager	30.00	
	Vary Site	165.00	
	Add Site	165.00	
<b>Boats</b>		48.00	48.00
<b>Boatman</b>		37.00	37.00
<b>Miscellaneous Duplicate Items</b>		13.00	13.00
<b>Cosmetic Skin Piercing / Tattooing</b>	Premises Registration	110.42	113.73
	Personal Registration	110.42	113.73
<b>Acupuncture</b>	Premises Registration	110.42	113.73
	Personal Registration	110.42	113.73

## Licensing of Activities Involving Animals

		PART A Application Fee	PART B Grant of Licence Fee	Proposed Application Fee as of 1/10/18	Additional Cost to Applicant
Riding Establishments / Hiring Out Horses	New	£ 194.01	£ 48.50	£ 242.51	+ Vets Fee
	Renewal	£ 168.14	£ 48.50	£ 216.64	+ Vets Fee
	2/3 Year Licences - Inspection Fee	£ 129.34	£ 48.50	£ 177.84	+ Vets Fee
Animal Boarding (inc Kennels, Catteries & Dog Day Care)	New	£ 168.14	£ 48.50	£ 216.64	Nil
	Renewal	£ 148.74	£ 48.50	£ 197.24	Nil
	2/3 Year Licences - Inspection Fee	£ 109.94	£ 48.50	£ 158.44	+ Vets Fee
Home Boarding	New	£ 129.34	£ 32.34	£ 161.68	Nil
	Renewal	£ 116.41	£ 32.34	£ 148.75	Nil
	2/3 Year Licences - Inspection Fee	£ 77.60	£ 48.50	£ 126.10	Nil
Breeding Dogs	New	£ 168.14	£ 48.50	£ 216.64	+ Vets Fee
	Renewal	£ 148.74	£ 48.50	£ 197.24	+ Vets Fee where business identified as High Risk following risk assessment
	2/3 Year Licences - Inspection Fee	£ 109.94	£ 48.50	£ 158.44	+ Vets Fee where business identified as High Risk following risk assessment
Selling Animals as Pets	New	£ 161.68	£ 48.50	£ 210.18	Nil
	Renewal	£ 142.27	£ 48.50	£ 190.77	Nil
	2/3 Year Licences - Inspection Fee	£ 103.47	£ 48.50	£ 151.97	Nil
Keeping / Training Animals for Exhibition	3 Year Licence (New / Renewal)	£ 168.14	£ 48.50	£ 216.64	Nil
Additional Licensable Activities*	New / Renewal	£ 77.60	£ 48.50	£ 126.10	+ Vets Fee if required
Variation to licence/re-evaluation of star rating - Animal Boarding / Pet Shops / Keeping animals for exhibition	Variation	£ 122.87	N/A	£ 122.87	Nil
Variation to licence/re-evaluation of star rating - Dog Breeding / Hiring out horses	Variation	£ 122.87	N/A	£ 122.87	+ Vets Fee if required
Minor Variation of Licence - fixed fee	Variation	£ 25.00	N/A	£ 25.00	Nil
Transfer of Licence due to death of licensee - fixed fee	Transfer	£ 25.00	N/A	£ 25.00	Nil

\* Where an application relates to more than one activity, the higher licence application/issue fee will apply and the additional activity fee will also be payable for each additional licensable activity applied for.

# Gambling Act 2005 Premises Licence Fee Structure

## APPENDIX C

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

**All Premises** Fee for copy of Licence £15

Fee to accompany notification of change of circumstances £30

# **Gambling Act 2005 Fees (excluding Premises Licences)**

<b>Type of Application</b>	<b>Conversion</b>	<b>New</b>	<b>Renewal</b>	<b>Transfer</b>	<b>Variation Fee</b>	<b>Annual Fee</b>
<b>Unlicensed FEC Permit</b>	<b>£100</b>	<b>£300</b>	<b>£300</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Prize Gaming Permit</b>	<b>£100</b>	<b>£300</b>	<b>£300</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Licensed Premises Permit (more than 2 machines)</b>	<b>N/A</b>	<b>£100</b>	<b>N/A</b>	<b>N/A</b>	<b>£100</b>	<b>£50</b>
<b>Licensed Premises Notification of Intention Club</b>	<b>N/A</b>	<b>£50</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Gaming/Club Machine Permit</b>	<b>£100</b>	<b>£200</b>	<b>£200</b>	<b>N/A</b>	<b>£100</b>	<b>£50</b>
<b>Society Lotteries Registration</b>		<b>£40</b>				<b>£20</b>

**Change of Name/Address or Change of Premises Name £25**

**Duplicate Permit Fee £15\*£100 where applicant is holder of Club Premises Certificate under Licensing Act 2003**



# Report to Executive

Agenda  
Item:

**A.1(c)**

Meeting Date: 12 November 2018  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Yes: Recorded in the Notice Ref: KD.19/18  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: REVISED CAPITAL PROGRAMME 2018/19 AND PROVISIONAL CAPITAL PROGRAMME 2019/20 TO 2023/24  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD 23/18

## Purpose / Summary:

The report details the revised capital programme for 2018/19 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2019/20 to 2023/24 in the light of new capital proposals identified and summarises the estimated capital resources available to fund the programme.

## Recommendations:

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2018/19 as set out in Appendices A and B including approving the removal of two schemes from the capital programme in 2018/19 and future years, and to make recommendations to Council to reprofile £380,000 from 2018/19 to 2019/20;
- (ii) Give initial consideration and views on the proposed capital spending for 2019/20 to 2023/24 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

## Tracking

Executive:	<b>12 November 2018, 10 December 2018</b>
Overview and Scrutiny:	<b>BTSP 29/11/18; HWSP 15/11/18; EGSP 22/11/18</b>
Council:	<b>5 February 2019 (Budget Resolution)</b>

## **1. BACKGROUND**

- 1.1 This report details the revised capital programme for 2018/19 together with the proposed methods of financing as set out in paragraph 3 and **Appendix A and B**.
- 1.2 The report also details the capital spending proposals for 2019/20 to 2023/24, together with the potential resources available to fund the programme. Members are asked to give initial consideration to the spending proposals.
- 1.3 The guiding principles for the formulation of the capital programme over the next five year planning period are set out in the following policy documents that were approved by Council on 11 September 2018:
  - Capital Investment Strategy 2019-20 to 2023-24 (Report RD14/18)
  - Asset Management Plan (Report GD66/18)
- 1.4 A Corporate Programme Board of senior officers, (the SMT Transformation sub-group) continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

## **2. CAPITAL RESOURCES**

- 2.1 There are several sources of capital resources available to the Council to fund capital expenditure, the main ones being:
  - Borrowing (Prudential Code - see paragraph 6.2)
  - Capital Grants e.g. DFG, specific capital grants
  - Capital Receipts e.g. proceeds from the sale of assets
  - Council Reserves e.g. Projects Reserve
- 2.2 In accordance with the Capital Investment Strategy, the Corporate Director of Finance and Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources.
- 2.3 It should be noted that capital resources can only be used to fund capital expenditure and cannot, with the exception of the Council's own Reserves, be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.
- 2.4 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent



in particular on how successful the Council has been in achieving Capital Receipts from the sale of assets against its target i.e. the more capital receipts generated, the less is required to be taken from Borrowing and Council Reserves (and vice versa).

- 2.5 The cost of externally borrowing £1m to fund the capital programme will result in a charge to the revenue account in the next full year of approximately £62,000. This is made up of £32,000 for the cost of the interest payable (3.2% of £1m equates to £32,000) and a principal repayment provision of 3% of the outstanding sum (3% of £1m equates to £30,000).

### 3. REVISED CAPITAL PROGRAMME 2018/19

- 3.1 The capital programme for 2018/19 totalling £7,388,800 was approved by Council on 17 July 2018 as detailed in the 2017/18 out-turn report (RD04/18).
- 3.2 The revised capital programme for 2018/19 now totals £9,551,200 as detailed in **Appendix A** subject to the relevant approvals by Executive and Council for the changes.
- 3.3 **Appendix B** details the revised anticipated resources available and their use to fund the capital programme. These have been revised to take account of revised projections and valuations of asset sales.
- 3.4 A summary of the revised programme for 2018/19 is shown below:

Summary Programme	£	Appx
<b>2018/19 Original Capital Programme</b>	7,388,800	<b>A</b>
Other adjustments	2,162,400	
<b>Revised Capital Programme (Sept 2018)</b>	<b>9,551,200</b>	<b>A</b>
Estimated Capital Resources available	(4,894,380)	<b>B</b>
<b>Potential Borrowing Requirement</b>	<b>4,656,820</b>	

- 3.5 The progress to date of each scheme in the current financial year has been identified in the Quarterly Budget Monitoring report considered elsewhere on the agenda (RD26/18). That report also highlights an underspend of £857,110 against the profiled annual budget.

### 4. CAPITAL SPENDING PROPOSALS 2019/20 TO 2023/24

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

Capital Scheme	App/ Para	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b><u>Current Commitments:</u></b>						
Vehicles & Plant	4.2	896	647	1,486	1,297	0
Planned Enhancements to Council Property	4.3	150	150	150	150	150
Disabled Facilities Grants	4.4	1,467	1,467	1,467	1,467	1,467
ICT Infrastructure	4.5	48	83	83	116	116
Leisure Facilities		15,395	2,294	9	0	0
Recycling Containers		45	45	45	45	45
Public Realm Improvements	4.6	380	0	0	0	0
<b>Total Existing Commitments</b>		<b>18,381</b>	<b>4,686</b>	<b>3,240</b>	<b>3,075</b>	<b>1,778</b>
<b><u>New Spending Proposals:</u></b>						
Enhancements to Council Properties	4.3	100	100	100	100	100
ICT Infrastructure	4.5	55	0	0	0	55
Gateway 44	4.7	6,500	0	0	0	0
Carlisle Southern Link Road	4.8	0	0	0	5,000	0
Play Area improvements	4.9	35	0	0	0	0
<b>Total New Spending Proposals</b>		<b>6,690</b>	<b>100</b>	<b>100</b>	<b>5,100</b>	<b>155</b>
<b>Total Potential Programme</b>		<b>25,071</b>	<b>4,786</b>	<b>3,340</b>	<b>8,175</b>	<b>1,933</b>

- 4.2 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above.
- 4.3 The allocation for planned enhancements to council properties is increased from the current level of £150,000 to £250,000 (as a result of recent condition surveys).
- 4.4 Disabled facilities grant allocation will not be known until January 2018, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. This grant will be awarded via the County Council's Better Care Fund.
- 4.5 Additional budgets for ICT Improvements are included to reflect revised requirements within the ICT Strategy and will be utilised to improve network security and wi-fi capabilities around the Council.

- 4.6 The public realm improvement scheme is reprofiled from 2018/19 into 2019/20 when a report detailing a full breakdown of proposed projects will be presented to the Executive to release the budget.
- 4.7 The Gateway 44 investment proposal was considered and agreed at Council (with a further report on borrowing options) and is therefore added to the Capital Programme.
- 4.8 This relates to the contribution committed in support of the Housing Infrastructure Fund Bid (HIF) for the development of the Carlisle Southern Relief Road as part of the Garden City initiative. It is envisaged that the cost of this contribution will be recouped through developer contributions once the Garden Village starts being delivered.
- 4.9 This provides funding to undertake improvements to Council owned play areas.

## 5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2019/20 to 2023/24.

Source of Funding	Para	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
<b>Capital Grants:</b>						
• Disabled Facilities Grant	5.2	(1,467)	(1,467)	(1,467)	(1,467)	(1,467)
• General Grants/Contributions	5.3	(2,000)	0	0	0	0
<b>Capital Receipts:</b>						
• Generated in year – Asset Business Plan	5.4	(1,700)	(8,750)	(3,567)	(272)	0
receipts used to fund resources			112	112	112	0
Direct Revenue Financing / Invest to Save	5.5	(1,316)	(1,018)	(926)	(926)	(926)
<b>TOTAL RESOURCES</b>		<b>(6,483)</b>	<b>(11,123)</b>	<b>(5,848)</b>	<b>(2,553)</b>	<b>(2,393)</b>

- 5.2 Disabled facilities grant allocation will not be known until January 2018, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. However as mentioned earlier this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the allocation will be.
- 5.3 General grants and contributions identified as funding streams for projects.
- 5.4 Capital receipts from the sale of fixed assets.

A review of the asset disposal programme has been undertaken with additional assets identified for sale and a reprofiling of disposals between 2019/20 and 2022/23. The profiling of these disposals has been incorporated into the budget projections above, however, depending upon approvals any changes will be incorporated for the Executive's budget proposals.

- 5.5 Direct revenue financing in relation to invest to save schemes and use of earmarked reserves.

## 6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2019/20 TO 2023/24

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

Source of Funding	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Estimated in year Resources available (para 5.1)	(6,483)	(11,123)	(5,848)	(2,553)	(2,393)
Proposed Programme (para 4.1)	25,071	4,786	3,340	8,175	1,933
<b>Projected (Surplus)/Deficit</b>	<b>18,588</b>	<b>(6,337)</b>	<b>(2,508)</b>	<b>5,622</b>	<b>(460)</b>
Cumulative B/Fwd Balance	4,657	23,245	16,908	14,400	20,022
Cumulative year end Position					
● Borrowing Requirement (para 6.2)	23,245	16,908	14,400	20,022	19,562

- 6.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD27/18).

The table above shows there is continues to be a borrowing requirement from 2019/20. In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined during the course of this budget process:

- Inclusion of the proposed asset disposal refresh recommendations in the capital programme;
- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

## **7. RISKS**

- 7.1 The ongoing impact of issues raised will be monitored carefully in budget monitoring reports and appropriate action taken.

## **8. CONSULTATION**

- 8.1 Scrutiny Panels will consider the requests for their areas of responsibility at their meetings in November and December. Feedback of any comments on the proposals will be made to the Executive in December prior to the Executive issuing their draft budget proposals for wider consultation.

## **9. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2018/19 as set out in Appendices A and B including approving the removal of two schemes from the capital programme in 2018/19 and future years, and to make recommendations to Council to reprofile £380,000 from 2018/19 to 2019/20;
- (ii) Give initial consideration and views on the proposed capital spending for 2019/20 to 2023/24 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

## **10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer: Steven Tickner**

**Ext: 7280**

**Appendices  
attached to report:**

**Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:**

- None

#### **CORPORATE IMPLICATIONS:**

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

**FINANCE** – Financial implications are contained within the body of the report.

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

**REVISED CAPITAL PROGRAMME 2018/19**
**APPENDIX A**

Scheme	Original Capital Programme 2018/19 £	Other Adjustments £	Proposed Savings & Carry Forwards £	Revised Capital Programme 2018/19 £	Note
Central Plaza	(52,000)	650,000	0	598,000	
Tennis Facilities	502,900	0	0	502,900	
Cycle Track Development	12,700	38,000	0	50,700	
Planned Enhancements to Council Property	170,000	9,300	0	179,300	
Vehicles, Plant & Equipment	1,107,000	0	0	1,107,000	
ICT Infrastructure	357,300	0	0	357,300	
Private Sector Grants	3,079,400	293,200	0	3,372,600	
Public Realm Improvements	4,600	700	0	5,300	
Play Area Developments & Open Spaces	4,000	116,500	0	120,500	
Play Area Green Gyms	25,000	0	0	25,000	
Kingstown Industrial Estate	9,800	0	0	9,800	
Revenues & Benefits ICT Upgrades	45,200	0	0	45,200	
Crindledyke Cycleway	128,700	10,000	0	138,700	
Fusehill Street Play Area	35,000	6,100	0	41,100	
Planning Software	150,000	0	0	150,000	
Cemetery Infrastructure	30,000	0	0	30,000	
Minor Works Grants	23,200	0	0	23,200	
Recycling Containers	45,000	0	0	45,000	
Car Park Improvements	164,300	0	0	164,300	
Affordable Homes (S106)	114,700	41,500	0	156,200	
Sands Centre Redevelopment	0	1,769,100	0	1,769,100	
Asset Review Acquisition	0	150,000	0	150,000	
<b>SUB-TOTAL</b>	<b>5,956,800</b>	<b>3,084,400</b>	<b>0</b>	<b>9,041,200</b>	
<b>Capital Reserves to be released</b>					
Regeneration of Botchergate & London Road	247,000	0	(247,000)	0	1
Chatsworth/Portland Square	295,000	0	(295,000)	0	1
Townscape Heritage Initiative	510,000	0	0	510,000	
Business Interaction Centre	380,000	0	(380,000)	0	2
	<b>1,432,000</b>	<b>0</b>	<b>(922,000)</b>	<b>510,000</b>	
<b>REVISED TOTAL</b>	<b>7,388,800</b>	<b>3,084,400</b>	<b>(922,000)</b>	<b>9,551,200</b>	

Notes:

- 1) Executive are asked to approve the removal of two schemes from the 2018/19 capital programme and from future years due to the schemes not progressing passed the development stage due to unsuccessful bids for external funding.

- 2) Executive are asked to make recommendations to Council to approve reprofiling of this budget into 2019/20 when a report detailing a full breakdown of proposed public realm projects will be presented to the Executive to release the budget.



**REVISED CAPITAL PROGRAMME 2018/19 – PROPOSED FINANCING**

Source of funding	2018/19 Original £	2018/19 Revised £	Notes
<b>Capital Grants:</b>			
• DFG	1,467,300	1,760,500	1
• General	1,213,900	748,900	
<b>Capital Receipts:</b>			
• B/fwd from previous year	(818,220)	(818,220)	
• Generated in year (Asset Review)	2,754,000	562,000	
<b>Capital Contributions</b>			
• General	243,400	379,400	2
Direct Revenue Financing	1,375,100	2,261,800	3
<b>TOTAL FINANCE AVAILABLE</b>	<b>6,235,480</b>	<b>4,894,380</b>	
<b>TOTAL PROGRAMME (SEE APP A)</b>	<b>7,388,800</b>	<b>9,551,200</b>	
<b>PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE</b>	<b>1,153,320</b>	<b>4,656,820</b>	

**Notes:**

1. Capital grant include funding for Tennis Facilities (£400,000), Play Area Developments (£25,000), Business Interaction Centre (£300,700) and Minor Works Grants (£23,200).
2. General contributions relate to Open Space Improvements (£84,500), Crindledyke Cycleway (£138,700) and Affordable Homes S106 (£156,200).
3. Changes to Direct Revenue Financing relate to Asset Purchase (£150,000), Central Plaza (£650,000), Solar Panels (£15,600), Harraby Cycle Track (£38,000), Play Area Developments (£23,100), Improvements to Council Properties (£9,300) and Public Realm Improvements (£700).



# Report to Executive

Agenda  
Item:

**A.1(d)**

Meeting Date: 12<sup>th</sup> November 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **CORPORATE ASSETS  
3 YEAR REPAIR AND MAINTENANCE PROGRAMME  
2019/20 – 2021/22**  
Report of: The Corporate Director of Governance & Regulatory Services  
Report Number: GD.78/18

## Purpose / Summary:

This report sets out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the 3-year period 2019/20 to 2021/22 required to ensure the legal responsibilities of the City Council are met. It also provides a progress update on building maintenance.

## Recommendations:

It is recommended that Executive approve;

1. the 3-year revenue maintenance programme set out in Appendix A as part of the budget process
2. the 2019/20 capital budget of £150,000 as part of the budget process.
3. the list of capital projects selected to meet the allocated capital budget of £150,000.

## Tracking

Executive:	<b>12<sup>th</sup> November 2018</b>
Scrutiny:	
Council:	

## **1. BACKGROUND**

### **1.1 Maintenance Strategy**

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

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

### **1.2 Revenue Budget**

The proposed 2019/20 revenue maintenance budget is approximately £730,000 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

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

### **1.3 Planned Maintenance**

Condition surveys have been completed for all properties within the council's operational portfolio and five-year maintenance programmes have been prepared for each property.

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

### **1.4 Status Analysis**

The total outstanding maintenance figure on the operational buildings is currently £2,477,050 and is based on a costed 5-year plan derived from the Condition Surveys. This represents an 11% decrease on the previous year's figure however this is largely due to the omission of outstanding maintenance works at the Pools due to the impending closure of the facility.

The total maintenance figure reduces as maintenance projects are completed under the capital works programme and increases as condition surveys identify new maintenance projects. A failure to address identified maintenance will inevitably lead to an increase in the outstanding maintenance as smaller issues will only intensify over time. The sale and acquisition of assets will also impact the maintenance schedule figure.

## 2. PROPOSALS

### Planned Maintenance Capital Programme 2019/20

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

PROPERTY	PROJECT	COST
Civic Centre	Replace first floor skylights over block floor/floor 1 small offices	£15,000
Civic Centre	Flat roof repairs over Rates Hall	£20,000
Civic Centre	10 <sup>th</sup> floor window replacements	£10,000
Bousteads Grassing	Resurfacing work	£10,000
Bousteads Grassing	Office – re-roof	£20,000
Cemeteries	Resurfacing work	£30,000
Morton Community Centre	Car Park resurfacing	£10,000
Currock Community Centre	Flat roof renewal	£15,000
Tullie House	Plant upgrade works	£20,000
<b>TOTAL</b>		<b>£150,000</b>

A further £100,000 p.a. is earmarked for inclusion in the 2019/20 budget onwards process subject to Council approval in February 2019 and this would be utilised to further address maintenance backlog as detailed below.

PROPERTY	PROJECT	COST
	<b>2019/20</b>	
Civic Centre	Committee room corridor window replacements	£20,000
Civic Centre	Renew flat roof covering to floor 10	£50,000
BIC Paternoster Row	Lift upgrade	£20,000
Monuments	Monuments (James Creighton & Queen Victoria) clean & refurbish	£10,000
	<b>Total 2019/20:</b>	<b>£100,000</b>
	<b>2020/21</b>	
BIC Paternoster Row	Boiler replacements	£15,000
Civic Centre	Concrete balcony repairs	£15,000
Civic Centre	Renew lift motor bearings	£10,000
Belah Park Depot	Depot demolition	£10,000
Richardson Street	Football changing rooms demolition	£10,000
Tullie House	Gutter replacement	£12,750
Tullie House	Pitched roof repairs	£2,000
Guildhall	Electric heating renewal	£3,000
Botcherby Community Centre	Window cill repairs	£6,500
Botcherby Community Centre	External wall repairs	£2,000
Botcherby Community Centre	Cast iron downpipe replacements	£1,750
Botcherby Community Centre	Chimney repoint	£2,000
Carlisle Cemetery	Redecoration of perimeter railings	£5,000

Richardson Street cemetery lodge	Repairs to outhouses (brickwork, roof & doors)	£5,000
	<b>Total 2020/21:</b>	<b>£100,000</b>
	<b>2021/22</b>	
Old fire station	Fire escape stairs repair	£2,000
BIC Paternoster Row	Ground floor WC's upgrade	£10,000
Civic Centre	2nd floor male & female WC upgrades	£10,000
Civic Centre	7th floor male & female WC upgrades	£10,000
Richardson Street cemetery lodge	Repairs to outhouses (brickwork, roof & doors)	£5,000
Carlisle Cemetery	West chapel internal plaster repairs & redecoration	£8,000
Carlisle Cemetery	Top ground toilets external redecoration	£1,500
Carlisle Cemetery	Top ground toilets upgrade WC's	£5,000
Stanwix Cemetery Lodge	Repairs to brick structures at rear (doors & rainwater goods)	£3,000
Talkin Tarn Tea Room	Renew flooring & upgrade WC's	£10,000
Botcherby Community Centre	Localised repointing and concrete step repairs	£8,500
Bousteads Grassing	External painting	£10,000
Crematorium	Flat roof renewal & gutter replacement	£12,000
Civic Centre	Civic concrete panel repairs	£5,000
	<b>Total 2021/22:</b>	<b>£100,000</b>
	<b>2022/23</b>	
Civic Centre	11th floor flat roof renewal	£50,000

Enterprise Centre	Water heater & extract fan replacements	£4,000
Enterprise Centre	Repair cracked & blown render	£46,000
	<b>Total 2022/23:</b>	<b>£100,000</b>
	<b>2023/24</b>	
Upperby Park	Café felt roof renewal	£3,500
Denton Holme Community Centre	Flat roof renewal	£5,000
Currock Community Centre	Replace areas of pitched roof	£5,000
Crematorium	Boiler, radiators & local water heater replacement	£6,400
Currock Community Centre	Rainwater goods renewal	£6,000
Morton Community Centre	Rainwater goods renewal	£5,500
Morton Community Centre	Repair stone cills	£10,000
Morton Community Centre	Chimney repairs	£10,000
Longtown Community Centre	Replace flat roof & skylights	£8,600
Longtown Community Centre	Car park resurfacing	£5,000
Tullie House	Replacement cladding to delivery yard	£35,000
	<b>Total 2023/24:</b>	<b>£100,000</b>
		<b>£500,000</b>

### 3. CONSULTATION



Consultation has taken place with the Property Services Manager and Finance colleagues.

#### 4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Council's property assets require regular repair and maintenance to ensure they provide a safe working environment for their users and occupiers. The recommendations outlined in this report ensure that Council assets are maintained to a standard that supports service provision and ensure the safety and comfort of their users and occupiers.

## 5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

**Contact Officer:**      **Mark Walshe**                                  **Ext: 7427**  
**Property Services Manager**

**Appendices**                      **Appendix A – 3 Year Municipal Maintenance Budget**  
**attached to report:**

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

- None

**CORPORATE IMPLICATIONS/RISKS:**

**LEGAL** – A minimum standard of maintenance is required for the Council to comply with its health and safety obligations and responsibilities to ensure the safety of persons on its property.

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

**EQUALITY** – None.

**INFORMATION GOVERNANCE** – None.

**MUNICIPAL MAINTENANCE BUDGET**  
**2019/20 - 2021/22**

Cost Code	Description	2019/20 REQUIREMENT £	2020/21 REQUIREMENT £	2021/22 REQUIREMENT £
10110/1010	Bousteads Grassing/Prog Repair	7,600	7,800	8,000
10110/1059	Bousteads Grassing/M & E Maintenance	2,200	2,200	2,200
11057/1011/52603	Public Clocks/React Rep & Main	4,100	4,200	4,300
11057/3010/52602	E.C. Regulations/Lamps&Tubes	7,900	7,900	7,900
11057/3907/52503	Energy Fund	15,400	15,700	16,000
15100/1011	Allotments/React Rep & Maint	4,500	4,600	4,700
15120/1010	Bitts Park Depot/Prog Rep & Mnt	7,700	7,900	8,100
15120/1011	Bitts Pk Depot/React Rep&Main	4,000	4,100	4,200
15140/1010	Play Areas/Prog Repair & Main	8,500	8,700	8,900
15140/1011	Play Areas/React Rep & Maint	20,200	20,600	21,000
15160/1010	Green Space Operatns/Prog Rep & Maint	15,900	16,200	16,500
15160/1011	Green Spaces Ops/React Rep & Maint	26,400	26,900	27,400
15170/1010	Talkin Tarn/Programmed Repair & Maint	8,700	8,900	9,100
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,200	2,200	2,200
16050/1010	Tullie House Build Servs/Prog R & M	19,700	20,100	20,500
16050/1011	Tullie House Build Servs/React R & M	24,700	25,200	25,700
16050/1014	Tullie Hse/Millennium Gallery Planned	3,500	3,600	3,700
16050/1014	Tullie Hse/Millennium Gallery Reactive	7,500	7,700	7,900
16050/1014	Irishgate/Lift Planned Maintenance	16,900	17,200	17,500
16050/1014	Irishgate/Reactive Maintenance	8,300	8,500	8,700
16480/1010	Guildhall/Prog Repair & Maint	4,400	4,500	4,600
16490/1010	Arts Centre/Prog Repair & Maint *	12,800	13,100	13,400
16490/1011	Arts Centre/Reactive Repair & Maint *	12,800	13,100	13,400
16710/1010	Mack Golf/Prog R & M	5,400	5,500	5,600
16710/1011	Mack Golf/Reactive R & M	2,800	2,900	3,000
16580/1010	GLL Contract/Prog Rep & Maint	42,600	43,500	44,400
16580/1011	GLL Contact/React Rep & Main	24,500	25,000	25,500
18010/1010	Civic Centre/Prog Rep & Maint	39,100	39,900	40,700
18010/1011	Civic Centre/React Rep & Main	44,900	45,800	46,700
18010/1014	Civic Centre/Office Alteratns	10,300	10,500	10,700
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	3,900
18010/4010	Civic Centre/Lift Maintenance	5,400	5,500	5,600
18010/4025	Civic Centre/Security	9,300	9,500	9,700
21100/1010	Enterprise Centre/Prog Rep/Mn	23,400	23,900	24,400
21100/1011	Enterprise Centre/React Rep&M	17,100	17,400	17,700
21100/1014	Enterprise Centre/Premises Alterations	3,400	3,500	3,600
21600/1010	Comm Centres Gen/Prog Rep & Main	77,700	79,300	80,900
21600/1011	Comm Centres Gen/React Rep&Maint	49,500	50,500	51,500
24500/1010	Public Conveniences/Prog Repair & Main	11,400	11,600	11,800
24500/1011	Public Con/React Rep & Maint	18,600	19,000	19,400
25511/1010	Water Street Hostel Programmed Repair & Maint	3,600	3,700	3,800
25511/1011	Water Street Hostel Reactive Repair & Maint	5,300	5,400	5,500
25520/1010	Johns St Mens Accommodation/Prog Rep & Maint	1,300	1,300	1,300
25520/1011	John St Mens Accommodation React/Rep & Maint	6,000	6,100	6,200
25530/1010	Dispersed Accommodation/Program R&M	2,300	2,300	2,300
25530/1011	Dispersed Accommodation/React R&M	9,100	9,300	9,500

## MUNICIPAL MAINTENANCE BUDGET

2019/20 - 21/22

26510/1010	Cemeteries/Prog Repair & Main	19,100	19,500	19,900
26510/1011	Cemeteries/React Rep & Maint	10,900	11,100	11,300
26520/1010	Crematorium/Prog Rep & Maint	5,100	5,200	5,300
26520/1011	Crematorium/React Rep & Maint	9,100	9,300	9,500
42570/1011	Ind Est James St/Rep&Maint Rc	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	17,200	17,500	17,900
43070/1010	Old Town Hall/Prog Rep & Main	3,900	4,000	4,100
43070/1011	Old Town Hall/React Rep&Maint	1,500	1,500	1,500
	<b>Total All Projects</b>	<b>731,200</b>	<b>745,900</b>	<b>760,700</b>

## Report to Executive

Agenda  
Item:

**A.1(e)**

Meeting Date: 12 November 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: TREASURY MANAGEMENT QUARTER 2 2018 AND FORECASTS FOR 2019/20 TO 2023/24  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD27/18

### **Purpose / Summary:**

This report provides the regular quarterly report on Treasury Transactions together with an interim report on Treasury Management as required under the Financial Procedure Rules.

The report also discusses the City Council's Treasury Management estimates for 2019/20 with projections to 2023/24. Also included is information regarding the requirements of the Prudential Code on local authority Capital finance.

### **Recommendations:**

That this report be received and that the projections for 2019/20 to 2023/24 be incorporated into the budget reports considered elsewhere on the agenda.

### **Tracking**

Executive:	<b>12 November 2018</b>
Scrutiny:	<b>BTSP 29/11/18;</b>
Audit Committee:	<b>17 December 2018</b>

## 1. INTRODUCTION

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period to September 2018
  - **Appendix A1** – Treasury Transactions July to September 2018
  - **Appendix A2** – Investment Transactions July to September 2018
  - **Appendix A3** – Outstanding Investments at September 2018
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2018/19:
  - **Appendix B1** – Prudential Code background
  - **Appendix B2** – Prudential Indicators
- (iii) **Appendix C** sets out the draft base Treasury Management estimates for 2019/20 with projections to 2023/24 and which encompass the potential budget pressures and savings elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. Average cash balances will need to be amended to reflect revised forecasts for anticipated Capital receipts, Capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

## 2. RISKS

2.1 Treasury Management considers risks associated with investments with counterparties however the Treasury Management strategy statement outlines the risk management approach to minimise this.

## 3. CONSULTATION

3.1 Consultation to Date.  
None.

3.2 Consultation proposed.  
The Business & Transformation Scrutiny Panel and the Audit Committee will consider this report as part of the budget process.

#### **4. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 4.1 That this report be received and that the projections for 2019/20 to 2023/24 be incorporated into the budget reports elsewhere on the agenda.

#### **5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer: Steven Tickner**

**Ext: 7280**

**Appendices attached to report:**

- Appendix A1 – Treasury Transactions July to September 2018**
- Appendix A2 – Investment Transactions July to September 2018**
- Appendix A3 – Outstanding Investments at 30 September 2018**
- Appendix B1 – Prudential Code background**
- Appendix B2 – Prudential Indicators**
- Appendix C – Treasury Projections 2019/20 – 2023/24**

**Note:** in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

#### **CORPORATE IMPLICATIONS:**

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

**FINANCE** – Contained within the report

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.

TREASURY TRANSACTIONS  
JULY 2018 to SEPTEMBER 2018

1. LOANS (DEBT)

1.1 Transactions July to September 2018

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

This provides a summary of any loans that have been raised or repaid, analysed by type, since the previous report. Procedures, adopted to map the cash flow more accurately, ensure better forecasting and limits the amount of short term/overnight borrowing which may be required.

1.2 Loans (Debt) Outstanding at September 2018

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	12,800
	<b>15,012,800</b>

1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 30 September 2018 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	12,800
			<b>12,800</b>



#### 1.4 Interest Rates

Link Asset Services suggests that the next interest rate rise will be to 1% in the third quarter of 2019, with further rises of 25 basis points in Q2 2020, and Q4 2020.

## 2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	34,680,000	0.40 - 0.91	29,980,000	0.40 - 0.95
	<b>34,680,000</b>		<b>29,980,000</b>	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 30 September 2018.

## 3 REVENUES COLLECTED

To: 30 September 2018		Collected £	% of Amount Collectable %
2018/19	Council Tax NNDR	34,146,022 26,058,251	56.55 58.15
<b>Total</b>		<b>60,204,273</b>	<b>57.23</b>
2017/18	Council Tax NNDR	32,327,974 25,527,972	56.55 57.28
<b>Total</b>		<b>57,855,946</b>	<b>56.87</b>
2016/17	Council Tax NNDR	29,944,677 26,320,394	56.27 57.94
<b>Total</b>		<b>56,265,071</b>	<b>57.04</b>

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

## 4 BANK BALANCE

At 30 September 2018 £122,138.51 in hand.

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

## 5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS TO SEPTEMBER 2018

April –September 2018

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(173)	(131)	42
Interest Payable	191	190	(1)
Less Rechargeable	0	0	0
	<b>191</b>	<b>190</b>	<b>(1)</b>
Principal Repaid (MRP)	112	21	(91)
Debt Management	13	14	1
<b>NET BALANCE</b>	<b>143</b>	<b>94</b>	<b>(49)</b>

The profiled budget is to 30 September 2018.

Interest receivable is slightly below expectations due to lower than forecast average cash balances and a lower rate of return being achieved on treasury investments when compared to when the budgets were set. The CCLA property investment saw an increase in the capital value to the end of September. Dividends and yield remain at over 4.47%

## APPENDIX A2

### SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2018

INVESTMENTS MADE		INVESTMENTS REPAID	
	£		£
Standard Life	3,800,000.00	HSBC	80,000.00
HSBC	850,000.00	HSBC	200,000.00
Bank of Scotland	1,000,000.00	HSBC	4,500,000.00
Standard Chartered	1,000,000.00	Standard Life	700,000.00
HSBC	250,000.00	HSBC	400,000.00
HSBC	250,000.00	Standard Life	500,000.00
HSBC	280,000.00	Standard Life	500,000.00
HSBC	650,000.00	Federated Investors	1,400,000.00
HSBC	2,900,000.00	Standard Life	2,300,000.00
Nationwide	1,000,000.00	HSBC	600,000.00
HSBC	600,000.00	Goldman Sachs	1,000,000.00
Goldman Sachs	1,000,000.00	HSBC	50,000.00
Federated Investors	650,000.00	HSBC	660,000.00
Federated Investors	750,000.00	Standard Life	1,150,000.00
Standard Life	3,500,000.00	HSBC	1,640,000.00
Goldman Sachs	2,000,000.00	HSBC	150,000.00
HSBC	500,000.00	HSBC	150,000.00
HSBC	350,000.00	Federated Investors	1,700,000.00
HSBC	100,000.00	Standard Life	2,350,000.00
HSBC	1,400,000.00	Goldman Sachs	1,000,000.00
HSBC	350,000.00	HSBC	1,400,000.00
HSBC	200,000.00	HSBC	450,000.00
Goldman Sachs	1,000,000.00	HSBC	2,500,000.00
HSBC	5,500,000.00	HSBC	150,000.00
Bank of Scotland	500,000.00	Federated Investors	600,000.00
HSBC	170,000.00	HSBC	2,850,000.00
Federated Investors	500,000.00	Goldman Sachs	1,000,000.00
Federated Investors	1,200,000.00		
<b>TOTAL</b>	<b>34,680,000</b>		<b>29,980,000</b>
		Bfwd	18,101,158
		Paid	34,680,000
		Repaid	29,980,000
		<b>Total</b>	<b>22,801,158</b>
		<b>CCLA Change</b>	<b>0</b>
		<b>Total</b>	<b>22,801,158</b>

### Outstanding Investments as at 30 September 2018

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
R	Goldman Sachs	1,000,000	0.93%	13/07/2018	15/10/2018	15	94	2,395
R	Nationwide Building Society	1,000,000	0.65%	20/07/2018	26/10/2018	26	98	1,745
O	Bank of Scotland	1,000,000	0.75%	15/05/2018	19/11/2018	50	188	3,863
R	Standard Chartered Bank	1,000,000	0.66%	14/06/2018	19/12/2018	80	188	3,399
R	Standard Chartered Bank	1,000,000	0.67%	05/06/2018	21/12/2018	82	199	3,653
O	Bank of Scotland	1,000,000	0.75%	02/07/2018	02/01/2019	94	184	3,781
R	Standard Chartered Bank	1,000,000	0.65%	02/07/2018	02/01/2019	94	184	3,277
O	Bank of Scotland	1,000,000	0.80%					
O	Bank of Scotland	1,500,000	0.80%					
O	Bank of Scotland	1,000,000	0.80%					
O	Bank of Scotland	500,000	0.80%					
R	Goldman Sachs	1,000,000	0.91%	27/07/2018	25/01/2019	117	182	4,538
R	Goldman Sachs	2,000,000	0.90%	01/08/2018	31/01/2019	123	183	9,025
R	Goldman Sachs	1,000,000	0.88%	31/08/2018	28/02/2019	151	181	4,364
R	Goldman Sachs	1,000,000	0.83%	28/09/2018	29/03/2019	180	182	4,139
Y	Federated Investors	3,400,000	0.70%					
	<b>Total Investments</b>	<b>£19,400,000</b>	<b>0.78%</b>			<b>92</b>	<b>169</b>	<b>£44,178</b>

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) <sup>1</sup>	Initial Market Value (£)	Unrealised Growth (£)
<b>CCLA Property Fund</b>	<b>3,401,158</b>	<b>4.47%</b>	31/07/2014	3,000,000	(163,104)	2,836,896	<b>401,158</b>

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

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

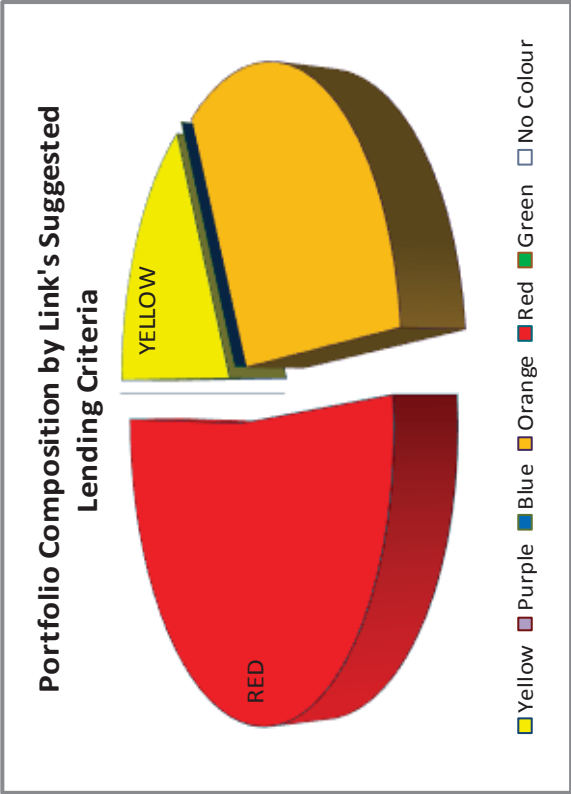
The category colour represents the duration of investment recommended by Link, the Council's Treasury Advisors. Those investments with no colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investment Summary Sheet

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	WARoR	WAM	Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Maturity from Execution
Yellow	17.53%	3,400,000	100.00%	3,400,000	0.70%	0	0.70%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0	0.00%	0	0
Orange	30.93%	6,000,000	66.67%	4,000,000	0.78%	87	0.78%	125	125
Red	51.55%	10,000,000	0.00%	-	0.80%	99	0.80%	167	167
Green	0.00%	-	0.00%	-	0.00%	0	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0	0.00%	0	0
	100.0%	19,400,000	38.14%	7,400,000	0.78%	78	0.78%	125	125

	Risk Score for Colour (1 = Low, 7 = High)	Sep 2018	Jun 2018	Mar 2018	Dec 2018
1	0.2	0.2	0.3	0.0	0.2
2	0.0	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0	0.0
4	1.2	1.2	1.2	1.9	1.7
5	2.6	2.6	2.0	2.6	2.0
6	0.0	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0	0.0
		4.0	3.5	4.5	3.9

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



Normal' Risk Score

3.5

3.5

3.5



### THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

#### 1. Introduction

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

#### 2. Prudential Indicators

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

#### 3. Supported and Unsupported (or Prudential) Borrowing

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

- 3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its Capital borrowing would be limited to its level of supported borrowing. In 2018/19 this is estimated to be Nil.
- 3.3 However, there may be circumstances in which the City Council will wish to undertake some prudential borrowing and the issues surrounding unsupported and supported borrowing are discussed below.
- 3.4 Authorities are permitted to borrow in excess of their supported borrowing allocation. This is referred to as prudential or unsupported borrowing. This can be undertaken so long as the Council can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.



PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, Capital expenditure, and treasury management. Set out below are the indicators for 2018/19 to date as detailed in the Treasury Management Strategy Statement for 2018/19.

**(a) Affordability**

	2018/19 Original Estimate £	2018/19 Revised Estimate £
<b>(i) Capital Expenditure</b>	4,032,600	9,041,200
<b>(ii) Financing Costs</b> Total Financing Costs	1,086,000	953,000
<b>(iii) Net Revenue Stream</b> Funding from Govt Grants/Local Taxpayers	12,581,000	12,581,000
<b>(iv) Ratio of Financing Costs to Net Revenue Stream</b> The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	8.63%	7.57%
<b>(v) Incremental Impact on Council Tax</b> This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	(1.93)	1.45
<b>(vi) Authorised Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities	37,600,000 15,012,800	37,600,000 15,012,800
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2018/19 Original Estimate £	2018/19 Revised Estimate £
<b>(vii) Operational Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,012,800	32,600,000 15,012,800
<b>(viii) Capital Financing Requirement (CFR)</b> As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	13,557,000	n/a

**(b) Prudence and Sustainability**

	2018/19 Original £
<b>(i) New Borrowing to Date</b> No Long Term Borrowing has been taken in 2018/19 to date	0
<b>(ii) Percentage of Fixed Rate Long Term Borrowing</b> at September 2018	100%
<b>(iii) Percentage of Variable Rate Long Term Borrowing</b> at September 2018 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
<b>(iv) Minimum Level of Investments Classified as Specified</b> Level of Specified Investments as at September 2018  As part of the Investment Strategy for 2018/19, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%

# TREASURY AND DEBT MANAGEMENT BASE ESTIMATES

## APPENDIX C

Set out below are the base treasury management estimates for 2018/19 and 2019/20 with projections to 2023/24

Carlisle City Council						
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000	Estimate £000
Interest Payable	1,319	1,993	1,628	1,169	1,114	1,059
Core MRP	247	361	914	710	628	784
MRP Adjustments - Voluntary and Assets Under Construction	(226)	(226)	(226)	(226)	0	0
MRP Adjustments - Adjustment A	0	0	(241)	(241)	(241)	(241)
Debt Management						
Link	12	12	12	12	12	12
Publications	1	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(18)	(18)	(18)	(18)	(18)	(18)
Total Expenditure	1,334	2,123	2,069	1,407	1,496	1,597
Interest Receivable	(204)	(236)	(410)	(517)	(321)	(310)
Total Income	(204)	(236)	(410)	(517)	(321)	(310)
Treasury Management Net Expenditure	1,131	1,887	1,659	890	1,175	1,287
Council Resolution Budget 18/19	1,083	1,283	918	861	692	692
Difference to Council Resolution Position (budget pressure / (Saving))	48	604	741	29	483	595
Cumulative Difference to Council Resolution Position	48	651	1,393	1,421	1,904	2,498



# Report to Executive

Agenda  
Item:

**A.1(f)**

Meeting Date: 12 November 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD19/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: LOCAL TAXATION 2019/20 – 2023/24  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD24/18

## Purpose / Summary:

This report outlines considerations as part of the budget process that need to be made in relation to aspects of funding received by the Council from Local Taxation. This includes the levels of Council Tax for the City Council (including Parish Precepts), Council Tax Surplus calculations, Council Tax Base calculations, Local Support for Council Tax (LSCT), and Business Rate Retention (including Pooling arrangements).

## Recommendations:

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2019/20 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2019/20 subject to the continuing involvement of the other partners which will be formally agreed in January 2019 with the final decision on participation being delegated to the Corporate Director of Finance and Resources; this being subject to the outcome of the Business Rate Retention pilot bid for 75% retention in 2019/20.

## Tracking

Executive:	<b>12 November 2018, 10 December 2018</b>
Scrutiny:	<b>BTSP 29/11/18; HWSP 15/11/18; EGSP 22/11/18</b>
Council:	<b>5 February 2019 (Budget Resolution)</b>

## 1. INTRODUCTION

- 1.1. This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2019/20 onwards.

## 2. COUNCIL TAX

### 2.1 Level of Council Tax

The Medium Term Financial Plan assumes that the City Council element of residents Council Tax bills will increase by **£5 per annum** (Band D Equivalent) between 2019/20 and 2023/24. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Band D Council Tax	£207.20	£212.20	£217.20	£222.20	£227.20	£232.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.41%	2.36%	2.30%	2.25%	2.20%

The Government have again proposed and have outlined within the 2019/20 Local Government Finance Settlement – Technical Consultation document, that the referendum limit of 3% be continued along with allowing Shire District Councils to increase council tax by either 3% or £5, whichever is higher.

The effect this increase has on the total Council Tax yield generates is as follows

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
MTFP Tax Base	33,326.46	33,419.44	33,512.68	33,606.18	33,699.94	33,793.97
MTFP Council Tax Yield (£000)		£7,092	£7,279	£7,467	£7,657	£7,847

### 2.2 Council Tax Surplus/Deficit

The Medium Term Financial Plan assumes that there will be a recurring surplus on the Collection Fund for Council Tax of £50,000. An estimate of the year end surplus is undertaken in January each year and this estimate is then incorporated into the budget process as the amount that will either be recovered from Council Tax or repaid to taxpayers through a lower Council Tax requirement in following years. The year-end position for 2017/18 was slightly higher than that estimated in January for 2017/18, therefore, there is likely to be a higher surplus to be distributed in 2019/20 compared to that currently included in the budget. This will not be known until the calculation is made on 15 January 2019 (the statutory date for calculation).

## 2.3 Council Tax Base

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

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

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

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

Under CTRS, qualifying claimants have their Council Tax reduced/fully rebated through a discount scheme which reduces the taxbase. This leads to a loss of Council Tax income which has been partly offset by Government grant (subsumed into Revenue Support Grant (RSG)). However, due to the reductions in RSG, and with RSG being phased out by 1<sup>st</sup> April 2019, the cost of CTRS falls entirely to the Council as set out in the Table below. **The impact of this increase is built into the MTFP.**

Table one: Cost of CTRS to Carlisle City Council

Financial Year	Amount Awarded £	Carlisle Share of Amount Awarded	Carlisle Share of RSG Grant	Net Cost to Carlisle	Amount Paid to Parishes	Funded by Carlisle CC
2013-14	7,201,667	878,603	816,214	62,389	53,884	<b>8,505</b>
2014-15	6,850,598	835,773	619,637	216,136	53,884	<b>162,252</b>
2015-16	6,618,910	807,507	447,582	359,925	53,884	<b>306,041</b>
2016-17	6,764,774	825,302	306,030	519,272	53,884	<b>465,388</b>
2017-18	6,809,148	803,479	171,257	632,222	30,154	<b>602,068</b>
2018-19	7,050,186	824,872	89,516	735,356	14,775	<b>720,581</b>
2019-20	7,168,280	838,689	0	838,689	0	<b>838,689</b>

The Carlisle Share of the amount awarded is based on the Council's 11.7% element of the Council Tax charge with the other precepting authorities picking up their share of the cost based on their share of Council Tax.

#### **2.4.1 Local Discretion CTRS**

The Council was one of a minority of Councils that chose not to opt for a local scheme but keep the default statutory scheme when CTRS was introduced. The reasons for maintaining the default scheme are set out below;

- As pensioners (3,211 cases) are protected under the regulations, any Council Tax levied would only be against working age CTRS claimants (4,762 cases);
- It was concerned about the impact of any reduction to CTRS given the other welfare cuts, especially in relation to low income working households. For example, a 20% reduction in CTRS that many Authorities have introduced would cost the average claimant £200 – 250 per annum of £5 per week;
- Recovering Council tax liability from such low-income groups would significantly increase the Council's collection/recovery costs and there is doubt that a majority of Council Tax would actually be paid increasing write offs.

It should be noted that in 2018/19 only 36 Councils out of 326 (including the six Cumbrian Districts) have maintained a fully rebated CTRS Scheme.

#### **2.4.2 Options for Change**

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

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

It should be noted that the Cumbria Scheme is unusual in both continuing to offer 100% support and remaining unchanged since the introduction of CTRS in 2013/14. As a result the option of "No Change" whilst leaving Cumbria in the minority nationally makes good sense for each District Council. However, several Councils' that had schemes where residents had a charge to pay are reducing the minimum contributions for Working Age claimants due to poor rates of collection as the intentions of the changes have not been as effective as anticipated. The importance



of making changes “right first time” is key to ensuring that a fair and appropriate scheme is available to avoid regular revisions and tweaks to correct inconsistencies. In addition, experience in neighbouring authorities, where Universal Credit Full Service is operational also needs to be taken into account to reduce the number of reassessments to cases. Reducing the administration of awards as administration funding is withdrawn is also a significant factor.

Modelling is required to determine the implications of change options to quantify the effect of alternative schemes. To achieve this, implications for vulnerable groups, ensuring work incentives are maintained and scheme cost levels controlled must all be considered to reflect local requirements, whilst accommodating Corporate policy priorities for our residents.

It should be noted that before a local scheme can be amended consultation with relevant stakeholders including recipients, chargepayers, major Preceptors and relevant Third Sector agencies must be carried out. Following the outcome of consultation, an agreed local scheme must be approved by the Council by 11th March in the financial year preceding the year to which the scheme applies.

Only (i) would raise significant income for the Council and in 2019/20 only £101,000 which would probably only just cover the Council's costs of collection and bearing in mind the likely write-offs, unlikely to make business sense.

As the cost of fully funding CTRS will be £840,000 by 2019/20, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the County Council and Police Authority, as consultees to any proposed changes.

**It is therefore recommended that the current statutory default scheme be continued for 2019/20.**

### **3.0 BUSINESS RATES**

#### **3.1 Business Rate Retention**

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

and also from the benefits of participating in the Cumbria Business Rate Pooling arrangements.

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

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Baseline Funding	3,379	3,411	3,513	3,583	3,655
Additional Business Rate Income	1400	900	900	900	900
	4,779	4,311	4,413	4,483	4,555

Significant changes are on the horizon for Business Rates with the Government's intention to allow Local Authorities to retain 75% of business rates within the sector rather than the current 50/50 arrangement. It is thought that this will be implemented nationwide by 2020, however, the Government has again requested areas to submit bids to be part of the pilot scheme for 2019/20 and as was the case in 2018/19, Cumbria has submitted an application to be a pilot area for 75% retention for 2019/20. The outcome of this application will not be known until the Local Government Finance Settlement is announced in November. Should the application not be successful, it is the intention to continue with the pooling arrangements in Cumbria for 2019/20.

Further considerations with the introduction of a full 75% business rates retention scheme are the funding splits between upper and lower tier authorities and the additional responsibilities that will be passed on to local authorities. In the current system, 50% business rates are retained by Central Government, 40% by the District Council and 10% by the County Council. Counties are pushing for a greater share of the additional 50% that will not be passed on to central government. This is not necessarily a cause for alarm for districts however, as along with a greater share of the benefits, also comes a greater share of the risks for Counties, for example around volatility of business rate appeals and refunds.

The Government has previously consulted on the proposed additional burdens to be passed on to local authorities as part of any changes to the rates retention scheme. The majority of the areas under consideration would fall to upper tier authorities, e.g. around social care and public health. District Councils will likely to be asked to pick up the costs of Housing Benefit Administration for pensioners and Local Support of Council Tax (LSCT) Administration which is currently provided as a specific grant. This Council currently receives £125,000 for LSCT administration and £375,000 for housing benefit administration in its entirety.

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

### **3.2 Business Rate Pooling**

The Council has successfully participated in the Cumbria Business Rate Pool arrangements since 2014/15. This allows the Council to benefit from the 50% business rate growth in Cumbria that would normally be passed back to Central Government as levy payments. The Council benefited by £683,933 in 2017/18 and £372,344 in 2016/17.

If the 75% Rates Retention pilot application is unsuccessful, it is again proposed that the Council continues to participate in the Cumbria Pool for 2019/20.

### **4.0 SUMMARY OF ASSUMPTIONS**

- A £5 (Band D Equivalent) Council Tax increase for 2019/20 onwards.
- A Council Tax Surplus for 2019/20 onwards of £50,000. The actual figure for 2019/20 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £1,400,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2019/20 falling to £900,000 in 2020/21 due to uncertainties around how any new scheme will be implemented.
- An assumed taxbase of 33,419.44 for 2019/20. The final taxbase for 2019/20 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2019/20 is for a total of £628,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

### **5.0 RISKS**

- 5.1 There are risks around the future certainty of business rates income that could have a material impact on the budget of the Council. Council Tax increases are not currently budgeted at the maximum allowable (3%). However, any future increases are subject to confirmation of the allowable increases by Central Government.

## **6.0 CONSULTATION**

6.1 The Business and Transformation Scrutiny Panel will consider this report on 29 November 2018, and their views fed back to the Executive on 3 December. The draft budget proposals will then be issued by the Executive on 10 December and will be subject to wider internal and public consultation.

## **7.0 RECOMMENDATIONS**

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2019/20 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2019/20 subject to the continuing involvement of the other partners which will be formally agreed in January 2019 with the final decision on participation being delegated to the Corporate Director of Finance and Resources; this being subject to the outcome of the Business Rate Retention pilot bid for 75% retention in 2019/20.

## **8.0 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

8.1 To ensure that a balanced budget is set.

**Contact Officer:** Steven Tickner

**Ext:** 7280

**Appendices  
attached to report:**

**Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:**

- None

## **CORPORATE IMPLICATIONS**

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

**Finance** – contained within the body of the report

**EQUALITY** – This report raises no explicit issues relating to the public sector Equality Duty.

**INFORMATION GOVERNANCE** – There are no information governance implications.



# Report to Council

**Agenda  
Item:**  
  
**18(i)**

Meeting Date: 11 September 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD12/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2019/20 to 2023/24  
Report of: CHIEF FINANCE OFFICER  
Report Number: RD13/18

## Purpose / Summary:

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

## Recommendations:

The Council is asked to approve the Medium Term Financial Plan for the period 2019/20 to 2023/24.

## Tracking

Executive:	<b>23 July 2018</b>
Scrutiny:	<b>26 July 2018</b>
Executive:	<b>20 August 2018</b>
Council:	<b>11 September 2018</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 20 August 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD12/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2019/20 to 2023/24  
Report of: CHIEF FINANCE OFFICER  
Report Number: RD13/18

## Purpose / Summary:

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

Following consideration by the Executive final recommendations will be made to Council on 11 September 2018.

## Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business & Transformation Scrutiny Panel on 26 July prior to making recommendations to Council on 11 September 2018

## Tracking

Executive:	<b>23 July 2018</b>
Scrutiny:	<b>26 July 2018</b>
Executive:	<b>20 August 2018</b>
Council:	<b>11 September 2018</b>



## **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 2019/20 to 2023/24. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 12 February 2018. 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 detailing 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.
- 1.3 The MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the on-going Brexit debate, and also in terms of the Government's approach to Public Sector Funding in general and particularly for Local Government Funding.

## **2. KEY DATES**

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Business and Transformation Scrutiny Panel, these will be formally approved by Council on 11 September 2018.
- 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 12 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.3 A review of budget consultation documents was undertaken as part of last year's process with improved visuals produced including a 'Budget at a Glance' document. This provided more clarity on the budget pressures the Council faced and assisted stakeholders in their understanding of the budget process. Work will continue to improve the more formal reports presented to the Executive and to the Scrutiny Panels as requested by previous Panels.

### **3. KEY MESSAGES**

- 3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:
- Achievement of transformation savings;
  - Further reductions in government grant, e.g. New Homes Bonus, Housing Benefit Admin Grant;
  - Further consideration of the future funding and Business Rate Retention and the added responsibilities that may be passed on to the Council as well as future resets of Business Rate Retention scheme. Further guidance from the MHCLG is anticipated on the Business Rate retention scheme to inform the budget process.
- 3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:
- Business Rate Retention Growth and Pooling
  - More commercial and investment opportunities

### **4. RISKS**

- 4.1 The Medium Term Financial Plan contains risk analysis of the issues that could potentially affect the budget and financial planning position.

### **5. CONSULTATION**

- 5.1 The draft MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 5.2 The Business and Transformation Scrutiny Panel considered the MTFP on 26 July, and recommendations are to be made to full Council on 11 September.
- 5.3 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.

### **6. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 6.1 The Executive is asked to:
- Comment and consider the comments made by the Business & Transformation Scrutiny Panel on 26 July prior to making recommendations to Council on 11 September 2018

## **7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer:** Steven Tickner

**Ext:** 7280

**Appendices** Appendix 1 – Medium Term Financial Plan 2019/20– 2023/24  
**attached to report:**

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

- None

### **CORPORATE IMPLICATIONS/RISKS:**

**Legal** – 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.

**Finance** – Contained within the MTFP

**Equality** – Corporate Charging Policy includes considerations for the targeting of concessions for named protected characteristic.

**Information Governance** - There are no Information Governance Implications

# Medium Term Financial Plan

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Carlisle City Council

2019/20 to 2023/24

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## 1.0 Introduction

- 1.1 The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -
- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
  - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
  - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
  - Partnership working and funding opportunities will be explored wherever feasible.
- 1.2 The Medium Term Financial Plan sets out how Carlisle City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces.
- 1.3 The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will continue to play a pivotal role in determining how much the economy grows over the coming years. Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in the short, medium and long term in order to react effectively to changing situations. The Government's approach to public sector funding beyond 2019/20 will be a significant factor for the lifespan of this MTFP.
- 1.4 The Medium Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

## 2.0 Financial Principles supporting the MTFP

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

### Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.3m (updated) over the life of the MTFP subject to an annual risk assessment;
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Commitment to minimise staff compulsory redundancies;
- Consider the impact of any other Government Budget initiatives e.g. 100%/75% retention of Business Rates, Business Rate Baseline resets and the Fair Funding Review;
- Consider the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;
- Consider how the achievement and any re-profiling of transformation savings will affect the overall level of savings to be made.

Revenue Budget Assumptions:

- *No Revenue Support Grant included in MTFP from 2019/20;*
- *No assumptions for changes in the Business Rates Baseline funding or for potential expansion of rates retention scheme;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 2%.*

Financial Principle 2 – Commercial and Income Generation

- Annual review of the Corporate Charging Policy to identify areas of potential charging and opportunities for increasing income;
- Consider the levels of income achievable as part of Corporate Charging Policy;
- Consider other sources of potential income generation such as advertising and sponsorship;
- Consider the development of a commercialised culture where the charging powers of the organisation are maximised and encouraged;
- Seek to develop investment opportunities to maximise the use of the Council's asset portfolio;
- Consider the funding strategy with a view to maximising external grants and contributions.

Charging/Income Assumptions:

- *Additional income from assets is assumed to offset the £1m saving requirement from asset management in 2018/19 onwards;*
- *Income from fees and charges currently achieve approximately £5m per annum;*
- *The Corporate Charging Policy assumes that income from fees and charges will increase at 1% above the inflation rate set for expenditure.*

Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;
- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should continue for 2019/20;



- Assessment of the impact of business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief and any additional burdens on councils;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a £5 increase per annum (Band D Equivalent) over the lifetime of the MTFP;*
- *Business Rate Retention growth assumed at £1,400,000 above the baseline level set by Government in 2019/20, with reduction from 2020 due to future uncertainties about scheme design.*

Financial Principle 4 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions;
- Finalisation of the repayment and/or re-financing options for the Stock Issue debt due to be repaid in 2020;
- Consider appropriate levels of prudential borrowing if required that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Treasury Management Assumptions:

- *Rate for refinancing stock issue assumed at 3.2% on a principal and interest loan;*
- *Average investment return assumed at 1.18% for 2019/20.*

Financial Principle 5 – Capital Investment

- As set out in the Capital Investment Strategy;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £19.5million redevelopment of Leisure Facilities funded from borrowing of £17.5million with the borrowing costs funded from reduction in Leisure subsidy.*

### 3.0 Links to other Strategies

#### 3.1 The Carlisle Plan

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

The key priorities are:

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

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

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

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

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

## 4.0 Revenue Budget Forecasts

### 4.1 Current Budget Forecast

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

4.1.2 The Council approved the current forecast for the period 2018/19 to 2022/23 in February 2018 and details are shown below together with the base estimate figures for 2023/24.

2018/19 Revised £000	Summary Net Budget Requirement	2019/20 Budget £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000
11,466	<b>Total Recurring Expenditure</b>	12,563	12,304	11,982	12,248	12,169
	<b>Non Recurring Revenue Expenditure</b>					
(81)	Existing Commitments	(641)	(696)	(223)	36	0
711	Carry Forward	0	0	0	0	0
12,096	<b>Total Revenue Expenditure</b>	11,922	11,608	11,759	12,284	12,169
	<b>Less Contributions (from)/to Reserves:</b>					
502	Recurring Commitments Sub Total	(642)	(664)	(52)	(58)	283
(630)	- Existing Commitments	641	696	223	(36)	0
11,968	<b>Total City Council Budget requirement</b>	11,921	11,640	11,930	12,190	12,452
613	Parish Precepts	628	644	660	677	694
12,581	<b>Projected Net Budget Requirement for Council Tax purposes</b>	12,549	12,284	12,590	12,867	13,146

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

2018/19	Total Funding and Council Tax Impact	2019/20	2020/21	2021/22	2022/23	2023/24
33,326.46 £000	Estimated TaxBase	33,419.44 £000	33,512.68 £000	33,606.18 £000	33,699.94 £000	33,793.97 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
11,968	- City	11,921	11,640	11,930	12,190	12,452
613	- Parishes	628	644	660	677	694
<b>12,581</b>	<b>Total</b>	<b>12,549</b>	<b>12,284</b>	<b>12,590</b>	<b>12,867</b>	<b>13,146</b>
	Funded by:					
(6,905)	- Council Tax Income	(7,092)	(7,279)	(7,467)	(7,657)	(7,847)
(434)	- Revenue Support Grant	0	0	0	0	0
(3,208)	- Retained Business Rates	(3,279)	(3,411)	(3,513)	(3,583)	(3,655)
	- Business Rate					
(1,250)	Growth/Pooling	(1,400)	(900)	(900)	(900)	(900)
	-Business Rate Multiplier					
(74)	Grant	(100)	0	0	0	0
(97)	- Estimated Council Tax Surplus	(50)	(50)	(50)	(50)	(50)
(15)	- Parish CTRS Grant	0	0	0	0	0
(598)	- Parish Precepts	(628)	(644)	(660)	(677)	(694)
<b>(12,581)</b>	<b>TOTAL</b>	<b>(12,549)</b>	<b>(12,284)</b>	<b>(12,590)</b>	<b>(12,867)</b>	<b>(13,146)</b>
£ 207.20	<b>City Council Tax</b> Band D Council Tax	£ 212.20	£ 217.20	£ 222.20	£ 227.20	£ 232.20
	Increase over Previous year:					
£5.00	£	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
2.47%	%	2.41%	2.36%	2.30%	2.25%	2.20%

Table 1b: Summary Budget Position (Funding)

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

## 4.2 **Funding Prospects**

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

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

#### 4.2.3 Revenue Support Grant

RSG will be removed completely by 2019/20.

#### 4.2.4 Fair Funding Review

The Government has been and will continue to consult on the Fair Funding Review for the allocation of funding requirements from 2020. However, it is unlikely that any draft implications of how this will work, including new formula calculations, will be known until well into 2019, possibly as late as Autumn 2019. **Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2019/20.** The Fair Funding Review will also have an impact on and be impacted by revisions to the Business Rates Retention system and also specific grants awarded by central government e.g. New Homes Bonus and Housing Benefit Administration Grant.

#### 4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £1,400,000 for 2019/20 falling to £900,000 for 2020/21. In the past four years the Council has achieved growth over and above the budgeted level, and as such the MTFP assumes these amounts will grow to £1,400,000 by 2019/20.

**However, uncertainty about the future retained business rates scheme beyond 2020 means that there may be resets to the scheme that could erode any growth built up under the previous scheme. Until full details of a future scheme are known it is prudent not to over-estimate any future income from business rates.**

The Council continues to participate in the Cumbria Business Rates Pool that also enables the County and the Council to retain more of the growth it generates. However, any announcement that local authorities will get to keep more of a share of business rates by 2020 will impact the viability of pools. Further details on how the future retention schemes will actually work and its specific impact on Carlisle are yet to be understood, but any proposals will likely come with an understanding that local authorities will have to take on additional responsibilities, which may mean additional cost pressures. Further guidance on this issue is anticipated from the MHCLG to inform the budget process.

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

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue Support Grant % Change	(434)	0 -100%	0	0	0	0
Business Rates Baseline % Change	(3,282)	(3,379) 3%	(3,411) 1%	(3,513) 3%	(3,583) 2%	(3,655) 2%
Rates Growth/Pooling % Change	(1,250)	(1,400) 12%	(900) -36%	(900) 0%	(900) 0%	(900) 0%
<b>Total Funding</b>	<b>(4,966)</b>	<b>(4,779)</b>	<b>(4,311)</b>	<b>(4,413)</b>	<b>(4,483)</b>	<b>(4,555)</b>

Table 2: Funding

#### 4.2.7 Council Tax

The MTFP includes Council Tax increases from 2019/20 onwards at £5 per Band D equivalent.

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

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

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



	Budget	Forecasts				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax Base % Change	33,326.46 £000	33,419.44 £000 0.28%	33,512.68 £000 0.28%	33,606.18 £000 0.28%	33,699.94 £000 0.28%	33,793.97 £000 0.28%
Council Tax Surplus % Change	(97)	(50) -48%	(50) 0%	(50) 0%	(50) 0%	(50) 0%
Band D Council Tax % Change	207.20	212.20 2.41%	217.20 2.36%	222.20 2.30%	227.20 2.25%	232.20 2.20%
<b>Total Yield</b>	<b>(6,905)</b>	<b>(7,092)</b>	<b>(7,279)</b>	<b>(7,467)</b>	<b>(7,657)</b>	<b>(7,847)</b>

Table 3: Council Tax

#### 4.3 **Efficiency Strategy**

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

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

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

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

	Budget	Achieved	Still to find
	£000	£000	£000
<b>To end 2016/17</b>	2,412	2,389	23
<b>To end 2017/18</b>	1,198	690	508
<b>2018/19</b>			
Leisure Services Grant	329	329	0
Increased Income from Assets	1,000	420	580
Voluntary Redundancy/Early Release	150	19	131
	1,479	768	711
<b>TOTAL</b>	<b>5,089</b>	<b>3,847</b>	<b>1,242</b>

Table 4: Savings

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

## 5.0 Provisions, Reserves & Balances

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

- Reserves generally will not be used to fund recurring items of expenditure, but where it does steps will be taken to address the situation.
- Reserves will not become overcommitted.
- The Council benefits from its level of reserves as it is able to: -
  - Meet its capital programme obligations, with borrowing only undertaken where funded from existing revenue budgets;
  - 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;
  - Maximise income received from the investment of its reserves to contribute to the budget requirement of the Council, which is a key part of the Council's Treasury Management Strategy.

### 5.2 General Fund

5.2.1 Having undertaken a risk assessment taking into account the risks and working balances required, the balance on the General Fund is currently £2m however, this risk assessment indicates that this should broadly equal £3.3million as a prudent level for this reserve. The risk based assessment of the appropriate level of this reserve is carried out as part of the MTFP process and this is shown at **Appendix A**. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes with 75%/100% retention of business rates.

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

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

### 5.3 **Earmarked Reserves**

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

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

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

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

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

	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000
General Fund Reserve	2,000	2,000	2,000	2,000	2,000	2,000
Projects Reserve	2,773	2,692	2,691	2,723	2,894	2,800
Carry Forward Reserve	927	927	927	927	927	927
	5,700	5,619	5,618	5,650	5,821	5,727
<b>Revenue Earmarked Reserves</b>						
Flood Reserve	2,014	0	0	0	0	0
Transformation Reserve	150	0	0	0	0	0
Cremator Reserve	850	0	0	0	0	0
Welfare Reform Reserve	200	0	0	0	0	0
Car Park Enhancement Reserve	107	0	0	0	0	0
City Centre Reserve	42	0	0	0	0	0
Economic Investment Reserve	6	0	0	0	0	0
Planning Services Reserve	28	0	0	0	0	0
Revenues & Benefits Reserve	338	0	0	0	0	0
Prosecutions Reserve	41	0	0	0	0	0
Promoting Carlisle Reserve	20	0	0	0	0	0
Revenue Grants Reserve	1,920	0	0	0	0	0
Building Control Reserve	150	0	0	0	0	0
	5,866	0	0	0	0	0
<b>Total Revenue Reserves</b>	<b>11,566</b>	<b>5,619</b>	<b>5,618</b>	<b>5,650</b>	<b>5,821</b>	<b>5,727</b>

Table 5: Revenue Reserves

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

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

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

	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000
<b>Capital Earmarked Reserves</b>						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	136	136	136	136	136	136
CLL Reserve	273	273	273	273	273	273
Asset Investment Reserve	48	48	48	48	48	48
Lanes Capital Reserve	45	60	75	90	105	120
<b>Total Capital Reserves</b>	<b>502</b>	<b>517</b>	<b>532</b>	<b>547</b>	<b>562</b>	<b>577</b>

Table 6: Capital Earmarked Reserves

#### 5.4 **Provisions**

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

#### 5.5 **Charitable and Other Bequests**

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

#### 5.6 **The Responsibilities of the Chief Finance Officer**

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

- Compliance with the use of reserves and associated protocols,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the Council's budget requirement,
- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding

sources and potential impact on the Council's Medium-Term Financial Plan.

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

5.7 **Planned Use of Reserves**

- 5.7.1 When the budget was set in February 2018, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2017/18 now confirmed, the position from 2017/18 has left General Fund Reserve and Projects Reserve in a healthier position (as shown in Table 5) over the medium term.
- 5.7.2 The reserves position is also subject to the savings required (as in Table 4) being met as scheduled. Any slippage on savings or any savings made in advance will impact on the contributions to and from reserves.

## 6.0 Income

### 6.1 Fees & Charges

6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.

6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.

6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.

6.1.4 The main areas of fee generating income are shown in the table below:

	2016/17 Actual £000	2017/18 Actual £000	2018/19 Budget £000
Parking	(1,184)	(1,216)	(1,220)
Bereavement Services	(1,334)	(1,623)	(1,469)
Development Control	(642)	(842)	(681)
<b>Total</b>	<b>(3,160)</b>	<b>(3,681)</b>	<b>(3,370)</b>

Table 7: Main areas of Income

### 6.2 Property Rentals

6.2.1 Income received from property rentals is in the region of £4.2 million per annum.

6.2.2 The forecast yield from property rentals over the period 2017/18 to 2022/23 and included in the MTFP is shown in the following table: -

	2017/18 Actual £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
The Lanes	(1,105)	(1,225)	(1,225)	(1,225)	(1,225)	(1,225)
The Market	(132)	(110)	(110)	(110)	(110)	(110)
Industrial Estates	(2,522)	(2,383)	(2,383)	(2,383)	(2,383)	(2,383)
Misc Properties	(462)	(483)	(483)	(483)	(483)	(483)
<b>Total</b>	<b>(4,221)</b>	<b>(4,201)</b>	<b>(4,201)</b>	<b>(4,201)</b>	<b>(4,201)</b>	<b>(4,201)</b>

Table 8: Property Income

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

### 6.3 **Grants & Contributions**

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

#### 6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council receives an allocation of funding under the scheme each year and each allocation will now last for four years following the Local Government Finance Settlement for 2018/19 (phased reduction from six years). As part of the Local Government Finance Settlement for 2018/19 indicative figures were provided. The MTFP does not assume any new allocations of New Homes Bonus beyond 2020/21; however, it does include the continuation for 4 years of those allocations received in each year.

**Revisions to the New Homes Bonus scheme are expected alongside the Fair Funding Review and changes to Business Rates Retention. It should be anticipated that there may be changes to the scheme that reduce the amount of grant that may be awarded in the future.**

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



Allocation Year	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
2015/16	(392)					
2016/17	(480)	(480)				
2017/18	(476)	(476)	(476)			
2018/19	(259)	(259)	(259)	(259)		
2019/20		(354)	(354)	(354)	(354)	
2020/21			?	?	?	?
2021/22				?	?	?
2022/23					?	?
<b>Total</b>	<b>(1,607)</b>	<b>(1,569)</b>	<b>(1,089)</b>	<b>(613)</b>	<b>(354)</b>	<b>0</b>

Table 9: New Homes Bonus

### 6.3.2 Housing Benefit Admin Grant

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

## 7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. RSG and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2019/20 as pressures or savings.

### 7.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£293,800**
- Pension Contribution Rate (Current Service) **15.6%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	13,609	136	272	408
Pension Contribution (£000)	1,732	17	35	52
		Risk		
		High	Medium	Low
<b><u>Pay Award</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Salary Turnover</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Pensions</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy

### 7.3 **General Inflation**

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

	Base Level	Sensitivity		
	£000	+/- 1%	+/- 2%	+/- 3%
Expenditure (£000)	8,662	87	173	260
Income (£000)	(4,755)	(48)	(95)	(143)
		Risk		
		High	Medium	Low
<b><u>Expenditure Inflation</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Income Inflation</u></b>				
Likelihood of Change				
Impact of Change				

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

## 7.4 Investment Income

- Investment Returns –

	2019/20	2020/21	2021/22	2022/23	2023/24
Investments	1.18%	1.43%	1.55%	1.55%	2.18%
Property Fund	4.50%	4.50%	4.50%	4.50%	4.50%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	11,672	117	233	350
Property Fund Income (£000)	3,383	34	68	101
		Risk		
		High	Medium	Low
<b><u>Investment Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Property Fund Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Average Balances</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
  - Capital Investment decisions will affect the Capital Financing Requirement and average balances
  - The investment returns used when the budget was set in February 2018 will need to be updated given current guidance on when interest rates are expected to change.

## 7.5 **Borrowing**

- Assumed Borrowing - 2019/20 **£17.467m** (Leisure Facilities)
- Assumed Borrowing Rate - 2019/20 **3.00%**

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

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

	2019/20	2020/21	2021/22	2022/23	2023/24
CFR	27,929	29,937	30,511	30,639	30,712
MRP	84	238	298	542	545

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Borrowing Rate (£000)	17,467	175	349	524
MRP	84	1	2	3
		Risk		
		High	Medium	Low
<b><u>Increase to Borrowing Rate</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Increase to CFR</u></b>				
Likelihood of Change				
Impact of Change				

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

## 8.0 Appendices

### Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2019/20

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	119	2	50%	4	60	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	226	3	75%	9	170	5% Charges Income forecasts for 2018/19
Underachievement of Investment Income	2	65	1	25%	2	16	0.5% of exposure of average balance of £17m
Insurance Excesses	1	40	3	75%	3	30	Based on 5% of insurance premia payments
Fall in Rental Income from Property	3	225	1	25%	3	56	5% of Rental Income (assumed at £4.5m for 2018/19)
Transformation not met	4	1,242	2	50%	8	621	2018/19 Transformation savings still to be actioned
Loss of Income from Retained Business Rates	4	1,715	3	75%	12	1,286	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
<b>TOTALS</b>		<b>4,832</b>				<b>3,339</b>	
Maximum Risk Based Reserve Balances						<b>4,832</b>	
Minimum Risk Based Reserve Balances						<b>1,208</b>	
<b>Current Level of Reserves (Projected as at 31/03/19) (General Fund )</b>						<b>4,692</b>	
<b>Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves</b>						<b>1,353</b>	

## Appendix B – Reserves & Provisions

### Reserves

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Chief Finance Officer but approval of their use must be given by Council.	
GLL Reserve	273	To provide funds to purchase equipment from GLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of GLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.	This reserve has been highlighted as a potential funding source for the Sands Development as it is no longer required following the re-letting of the Leisure contract
Lanes Capital Reserve	45	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services 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.	This reserve is still required
Asset Investment Reserve	48	To provide resources to purchase properties and fund associated revenue costs and 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 Corporate Director of Governance and Regulatory Services 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.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
<i>Revenue Reserves</i>				
General Fund Reserve	2,000	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Chief Finance Officer. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>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</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	This reserve is still required and will be increased due to uncertainty regarding the BR retention and other government funding streams



Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Projects Reserve	2,773	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the 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 Chief Finance Officer. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. 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.	This reserve is still required
Carry Forward Reserve	927	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Chief Finance Officer. Approval to release funds from the reserve can only be given by the Chief Finance Officer and/or The Chief Executive.	This reserve is reviewed as part of the annual outturn position to determine if all balances held therein are still required
Building Control Reserve	150	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate 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.	This reserve is still required
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
			by the Executive of the Council.	
Transformation Reserve	150	To fund any one off costs associated with transformation projects	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.	This reserve is still required
Cremator Reserve	850	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
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 Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve could be released to General Fund
Car Park Enhancement Reserve	107	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Chief Finance Officer.	This reserve is still required
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
Leisure Reserve	0	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Chief Finance Officer	This reserve is still required
Flood Reserve	2,014	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required and will be utilised to support uninsured costs from the flood claim and also reinstatement of assets
Prosecutions Reserve	41	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Chief Finance Officer.	This reserve is still required
Promoting Carlisle Reserve	20	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Chief Finance Officer.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from MHCLG and DWP which have not yet been utilised, to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Chief Finance Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Revenues Grants Reserve	1,920	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Chief Finance Officer in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	28	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Chief Finance Officer.	This reserve is still required

Reserve	Balance 31/3/18	Purpose	Conditions of Use	Future of the Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required

### Provisions

Provision	Balance 31/3/18	Purpose	Future of the Provision
Business Rate Appeals	688	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	261	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2017 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Carlisle Renaissance Ringfenced Account	136	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.
Land Charges Provision	131	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives

Provision	Balance 31/3/18	Purpose	Future of the Provision
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licensing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	12	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	6	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

## Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2019/20 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

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

**4. Trading**

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

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

**5. Value For Money**

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



**Appendix D – Gross Expenditure Breakdown**

	<b>Original Budget 2018/19 £</b>
<b>Expenditure</b>	
Employee Related	14,517,400
Premises Related	3,733,300
Transport Related	1,392,900
Supplies & Services	5,185,500
Third Party Payments	2,887,700
Transfer Payments	26,516,600
Support Services	11,723,000
Capital Financing Costs	2,163,400
Carry forward approvals	710,800
Recharges	(13,665,300)
<b>Total Expenditure</b>	<b>55,165,300</b>
<b>Income</b>	
Government Grants	(1,902,600)
Specific Grants	(27,089,400)
Other Grant/Reimbursements/Contributions	(2,718,500)
Interest	(493,200)
Customer and Client Receipts	(10,865,800)
<b>Total Income</b>	<b>(43,069,500)</b>
<b>Net Budget Requirement</b>	<b>12,095,800</b>
<b>Funded By:</b>	
Council Tax	(6,904,800)
Council Tax Surplus	(97,200)
Revenue Support Grant	(434,100)
Retained Business Rates	(3,281,700)
Business Rates Growth/Pooling	(1,250,000)
Reserves	(128,000)
<b>Total Funding</b>	<b>(12,095,800)</b>



# Report to Council

**Agenda  
Item:**  
  
**18(ii)**

Meeting Date: 11 September 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD12/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL INVESTMENT STRATEGY 2019/20 to 2023/24  
Report of: CHIEF FINANCE OFFICER  
Report Number: RD14/18

## Purpose / Summary:

The Council's Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2019/20 to 2023/24. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

The Capital Investment Strategy has been considered by the Executive and the Business & Transformation Scrutiny Panel.

## Recommendations:

The Council is asked to approve the Capital Investment Strategy for the period 2019/20 to 2023/24

## Tracking

Executive:	<b>23 July 2018</b>
Scrutiny:	<b>26 July 2018</b>
Executive	<b>20 August 2018</b>
Council:	<b>11 September 2018</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 20 August 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD12/18  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL INVESTMENT STRATEGY 2019/20 to 2023/24  
Report of: CHIEF FINANCE OFFICER  
Report Number: RD14/18

## Purpose / Summary:

The Council's Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2019/20 to 2023/24. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive final recommendations will be made to Council on 11 September 2018.

## Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business & Transformation Scrutiny Panel on 26 July prior to making recommendations to Council on 11 September 2018

## Tracking

Executive:	23 July 2018
Scrutiny:	26 July 2018
Executive	20 August 2018
Council:	11 September 2018

## **1. BACKGROUND**

- 1.1 The Capital Investment 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 Investment Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 12 February 2018. This position has been updated to reflect any known changes since that date. The Strategy also incorporates the new requirements under the Prudential Code 2017 to link capital investment with treasury management activity and service objectives.

## **2. KEY MESSAGES**

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
- Re-profiling of asset sales will have a significant impact on the revenue budget through the requirement to fund the capital programme with a borrowing requirement;
  - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs.
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
- Asset sales generating receipts over current estimate levels will reduce any borrowing requirement;
  - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement;
  - A review of the current programme may relieve some of the expenditure pressures.

## **3. RISKS**

- 3.1 The Capital Investment Strategy contains risk analysis of the issues that could potentially affect the budget and financial planning position.

#### **4. CONSULTATION**

- 4.1 The draft Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel considered the report on 26 July 2018 and recommendations will be made to full Council on 11 September.

#### **5. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 5.1 The Executive is asked to:  
Comment and consider the comments made by the Business & Transformation Scrutiny Panel on 26 July prior to making recommendations to Council on 11 September 2018

#### **6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer: Steven Tickner**

**Ext: 7280**

**Appendices**                      **Appendix 1 – Capital Investment Strategy 2019/20 to 2023/24**  
**attached to report:**

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

#### **CORPORATE IMPLICATIONS/RISKS:**

**Legal** – The Council has a fiduciary duty to manage its resources correctly. The Capital Investment 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.

**Finance** – contained within the report

**Equality** – Strategy includes expenditure forecast for Disabled Facility Grants

**Information Governance** - There are no Information Governance Implications

# Capital Investment Strategy

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Carlisle City Council

2019/20 to 2023/24

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3.0 Capital Expenditure ..... 9

4.0 Debt, Borrowing and Treasury Management..... 14

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6.0 Other Long-Term Liabilities ..... 20

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## 1.0 Introduction

- 1.1 The Capital Investment Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2017) and is required to be approved by Full Council.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of internal borrowing to support capital expenditure;
- Define the authority's approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Council's policy on capitalisation is included in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £5,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits is deemed to be a revenue cost.

### 1.3 **Evaluation and Monitoring of Capital Projects**

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.



1.4 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 Transformation Sub-Group, 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 Business and Transformation Scrutiny Panel also critically examines the performance in delivering capital projects on a quarterly basis.

#### 1.5 **Current Asset Portfolio**

The Council holds a significant asset portfolio that supports both its operational activities and non-operational activities from which it receives significant rental income.

The rental income it receives is used to support Council services and provides a significant proportion of the income it receives. The income from rentals on the non-operational asset portfolio is 64% of what the Council receives in funding from Council Tax.

Asset Category	Valuation 31/03/18 £000	Rental Income £000	Other Income £000	Total Income 17/18 £000
Investment Property	87,484	4,221	0	4,221
Surplus Assets	1,153	32	0	32
Assets Held for Sale	382	0	0	0
Land & Buildings	29,586	152	3,860	4,012
Infrastructure	5,082	0	0	0
Community Assets	4,021	0	0	0
Dwellings	198	0	0	0
Vehicles Plant & Equipment	6,736	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	25	0	0	0
<b>TOTAL</b>	<b>154,169</b>	<b>4,405</b>	<b>3,860</b>	<b>8,265</b>

### **Investment Property (Non-Operational)**

These assets include Industrial Estates, land held for capital appreciation and rental income, Lanes Shopping Centre

### **Surplus Assets (Non-Operational)**

These assets include land held that do not generate significant rental incomes or are held for capital appreciation

### **Assets Held for Sale (Non-Operational)**

This relates to assets that have been identified for sale and are in the process of being disposed at the Balance Sheet date.

### **Land & Buildings (Operational)**

These are operational properties that are used to deliver council services and include Council accommodation, community centres, car parks and hostels

### **Infrastructure (Operational)**

These assets include bridges and footpaths

### **Community Assets (Operational)**

These assets include parks and open spaces

**Dwellings (Operational)**

These assets are primarily homeshares used by the homelessness service

**Vehicles, Plant and Equipment (Operational)**

These assets are used in the delivery of Council services and include all Council owned vehicles, IT equipment, play equipment and green spaces equipment

**Heritage (Operational)**

These assets relate to items of heritage and include the Tullie House Museum Collection and statues and monuments.

**Assets Under Construction (Non-Operational)**

These are assets that are in the course of construction but have not yet been completed.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2018, this totalled £15million, which represents a debt cover ratio of 9.7%.

## 2.0 Financial Principles supporting the Capital Strategy

2.1 Capital expenditure is to be incurred in line with Financial Procedure Rules as follows:

- The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council (2.14);
- Capital Programme – Key controls and responsibilities of the Chief Finance Officer and Corporate Directors (B.51 – B66).

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;

- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Revisit the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
  - Fundamental review of existing capital programme to ensure that schemes are still required and are accurate;
  - Maximisation of the use of grants and contributions from external sources;
  - Providing a recurring revenue contribution to the capital programme;
  - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £19.5million redevelopment of Leisure Facilities funded from borrowing of £17.5million with the borrowing costs funded from reduction in Leisure subsidy.*

## 2.3 **Carlisle Plan and Other Council Strategies, Plans and Policies**

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

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

The Capital Investment Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of

resources by the Council. Particularly consideration is given to the following key strategies:

- The Medium Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Procurement and Commissioning Strategy.
- Local Plan/Local Development Framework.
- The ICT Strategy.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.
- Directorate Service Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

### 3.0 Capital Expenditure

#### 3.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets is likely to have implications on the revenue budget.

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in new Leisure facilities primarily funded from borrowing that will offset by a reduction in the subsidy payable on the Leisure contract.

Other capital investment opportunities may present themselves over the lifetime of the MTFP with initiatives progressing for Kingstown FAMO, Garden Village and Borderlands. Each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

There are likely to be financial commitments arising from the development of the Carlisle Southern Relief Road (CSLR) which will ultimately support the progression of the Garden Village project.

All business cases will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 5 (Commercial Activity).

The table below shows the current capital resources at the end of 2017/18 before any new decisions around capital investment are made.

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Borrowing Requirement B/Fwd	818					
Estimated resources available in year (Table 3)	(7,167)	(5,263)	(2,965)	(2,603)	(2,393)	(2,393)
Proposed Programme (Table 2)	9,159	18,538	5,223	3,487	3,075	1,778
<b>(Surplus Capital Resources) / Borrowing Requirement - Cumulative</b>	<b>2,810</b>	<b>16,085</b>	<b>18,343</b>	<b>19,227</b>	<b>19,909</b>	<b>19,294</b>

Table 1: Current Capital resources

### 3.2 **Current Expenditure Forecast**

The Council approved the current forecast for the period 2018/19 to 2022/23 in February 2018 and details are shown below adjusted for the outturn from 2017/18 and also for decisions made in relation to capital investment between April and June 2018.



	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Disabled Facilities Grants	3,079	1,467	1,467	1,467	1,467	1,467
Vehicles Plant & Equipment	1,107	896	647	1,486	1,297	0
Property Enhancements	170	150	150	150	150	150
ICT Infrastructure	100	0	0	0	0	0
ICT Strategy	258	48	83	83	116	116
Play Areas - Green Gym	25	0	0	0	0	0
Play Areas	4	0	0	0	0	0
Crindledyke Cycleway	129	0	0	0	0	0
Tennis Facilities	503	0	0	0	0	0
Cycle Track	13	0	0	0	0	0
RBS ICT Upgrades	45	0	0	0	0	0
Affordable Homes	115	0	0	0	0	0
Central Plaza	(52)	0	0	0	0	0
Public Realm Improvements	5	0	0	0	0	0
Kingstown Industrial Estate	10	0	0	0	0	0
Minor Works Grants	23	0	0	0	0	0
Old Town Hall / Greenmarket	380	0	0	0	0	0
Fusehill St Play Area	35	0	0	0	0	0
Planning Software	150	0	0	0	0	0
Regeneration of Botchergate / London	247	247	247	247	0	0
Chatsworth Sq/Portland Sq THI	295	290	290	0	0	0
Cemetery Infrastructure	30	0	0	0	0	0
Recycling Containers	45	45	45	45	45	45
Business Interaction Centre	510	0	0	0	0	0
Car Park Improvements	164	0	0	0	0	0
Leisure Facilities	1,769	15,395	2,294	9	0	0
<b>Total Programme</b>	<b>9,159</b>	<b>18,538</b>	<b>5,223</b>	<b>3,487</b>	<b>3,075</b>	<b>1,778</b>

Table 2: Current Capital Programme

### 3.3 Current Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a variety of sources and the Chief Finance Officer 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 3 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Grants & Contributions	2,908	3,947	1,947	1,677	1,467	1,467
Capital Receipts (General & PRTB)	0	0	0	0	0	0
Capital Receipts (Asset Review)	2,754	0	0	0	0	0
Revenue Financing	1,376	1,316	1,018	926	926	926
S.106 Funding	129	0	0	0	0	0
<b>Total Resources Receivable in Year</b>	<b>7,167</b>	<b>5,263</b>	<b>2,965</b>	<b>2,603</b>	<b>2,393</b>	<b>2,393</b>
Borrowing Requirement (in Year)	1,992	13,275	2,258	884	682	(615)

Table 3: Current Proposed Resources

There is a further £136,000 held within capital grants unapplied account that are not currently allocated to fund specific projects and are therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations.

### 3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2018/19 the Council has budgeted to receive £1,467,300. There have been changes to the way the grant is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

### 3.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

### 3.3.3 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £2.754million are included in the Capital programme to be achieved in 2018/19. A review of the profiling of sales is being undertaken to ensure that receipts are allocated to the correct financial period.

#### 3.3.4 Borrowing Requirement

The borrowing requirement includes £17.5m prudential borrowing already included in the MTFP for the funding of Leisure Facilities and this is to be paid for through a reduction in the Leisure contract fee. However the final costs and funding requirements will be subject to further reports during the budget process.

#### 3.4 Asset Management

A separate Asset Management Plan is produced annually by the Council that outlines the ongoing asset management requirements to maintain the property portfolio. This Plan is considered alongside the MTFP and the Capital Investment Strategy.

The Council also maintains a vehicle Plant and Equipment Replacement Plan which outlines the anticipated replacement lifecycle for the main items of fleet it requires to operate services. This plan is updated annually and is fed into the budget process to determine the capital requirement.

## 4.0 Debt, Borrowing and Treasury Management

### 4.1 Borrowing

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

The Council has a borrowing requirement in its current capital programme of £17.5million to support the development of Leisure Facilities. This cost of this borrowing requirement is included in the Medium Term Financial Plan and is also offset by a corresponding saving from the Council's Leisure Contract.

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

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

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

- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Council has at the point

in time it is taken out. The Council will look to repay all borrowing either before or upon its actual maturity profile.

#### 4.2 **The Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.

Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP on a straight line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Capital Expenditure	9,159	18,538	5,223	3,487	3,075	1,778
Capital Resources Receivable in Year	(7,167)	(5,263)	(2,965)	(2,603)	(2,393)	(2,393)
MRP & Repayment of Debt	(11)	(92)	(247)	(307)	(550)	(554)
<b>Change in Underlying need to borrow</b>	<b>1,981</b>	<b>13,183</b>	<b>2,011</b>	<b>577</b>	<b>132</b>	<b>(1,169)</b>
CFR Brought Forward	12,656	14,637	27,820	29,831	30,408	30,540
<b>CFR Carried Forward</b>	<b>14,637</b>	<b>27,820</b>	<b>29,831</b>	<b>30,408</b>	<b>30,540</b>	<b>29,371</b>
<b>Adjustment A Revision</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>
<b>CFR FOR MRP PURPOSES</b>	<b>10,211</b>	<b>23,394</b>	<b>25,405</b>	<b>25,982</b>	<b>26,114</b>	<b>24,945</b>

Table 6: Capital Financing Requirement

#### 4.3 Investment and Reserve Balances

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

At 31 March 2018, the Council had cash and investments of £11.672million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2019, investment balances would fall to around £9.496m. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Total Investments	11,672	9,496	(3,674)	11,130	10,041	9,132	9,900
<i>Made up of:</i>							
General Fund Reserves	5,700	5,619	5,618	5,650	5,821	5,727	6,010
Capital Reserves	366	381	396	411	426	441	456
Earmarked Revenue Reserves	5,866	5,866	5,866	5,866	5,866	5,866	5,866
Provisions	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Collection Fund Adj Account	(165)	(165)	(165)	(165)	(165)	(165)	(165)
Capital Grants Unapplied	136	136	136	136	136	136	136
Working Capital	(3,953)	(4,082)	(4,083)	(4,083)	(4,083)	(4,082)	(4,082)
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	9,315	9,120	9,133	9,180	9,366	9,288	9,586
<b>Surplus Cash/(Cash Deficit)</b>	<b>2,357</b>	<b>376</b>	<b>(12,807)</b>	<b>1,950</b>	<b>675</b>	<b>(156)</b>	<b>314</b>

Table 7: Investments and Reserves

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

The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2023/24.

This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Outturn	Forecasts					
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CFR (Underlying Need to borrow)	12,656	14,637	27,820	29,831	30,408	30,540	29,371
Total Borrowing	15,013	15,013	15,013	31,781	31,083	30,384	29,685
<b>(Over)/Under Borrowing Position</b>	<b>(2,357)</b>	<b>(376)</b>	<b>12,807</b>	<b>(1,950)</b>	<b>(675)</b>	<b>156</b>	<b>(314)</b>
Less Capital Receipts Applied	0	0	0	0	0	0	0
<b>(Over)/Under Borrowing Position</b>	<b>(2,357)</b>	<b>(376)</b>	<b>12,807</b>	<b>(1,950)</b>	<b>(675)</b>	<b>156</b>	<b>(314)</b>

Table 8: Borrowing position

Therefore, the Council is holding £2.357million of cash in its investment balances that can be attributed to the amount of debt it holds. Where actual

debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

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

#### 4.4 **Authorised Limit and Operational Boundary**

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by Council in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit is not to be exceeded without prior Council approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Chief Finance Officer to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2017/18 actual £000	2018/19 estimate £000	2019/20 estimate £000	2020/21 estimate £000	2022/23 estimate £000	2021/22 estimate £000
<b>Authorised Limit for External Debt:</b>						
- Borrowing	37,500	37,500	37,500	37,500	37,500	37,500
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>	<b>37,600</b>
<b>Operational Boundary for external debt:</b>						
- Borrowing*	32,500	32,500	32,500	32,500	32,500	32,500
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>32,600</b>	<b>32,600</b>	<b>32,600</b>	<b>32,600</b>	<b>32,600</b>	<b>32,600</b>



## 5.0 Commercial Activity

- 5.1 The Council has used its asset portfolio to operate in a commercial manner for many years. Much of the investment property portfolio is held on long term leases which provide a guaranteed rental return from the asset with regular rental review built into the terms of each lease. This way of operating therefore provides some certainty about the income levels receivable.

With reductions in funding the Council is having to look at commercial activities to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term it needs to ensure that any investment opportunities are based upon sound decision making that consider the future likelihood of investment income reducing.

Therefore, when making commercial investment decisions the Council will follow the principles set out below:

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;
- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established;

## **6.0 Other Long-Term Liabilities**

- 6.1 The Council currently holds a £15million stock issue loan that is due for redemption in 2020. This debt is factored into the Medium Term Financial Plan to be re-financed in 2020 at a lower rate of interest. The loan is currently repayable at 8.75% and the MTFP assumes that the new borrowing will be at a lower interest rate, however, the actual rate achieved will depend on prevailing market rates at the time the loan is re-financed. The MTFP also assumes that any new loan will be taken on a principal repayment term so that the debt repaid fully once the new term ends.

## 7.0 Knowledge and Skills

7.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

### 7.3 Finance

Finance staff are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the necessary experience of how the Council works having been in post for a number of years. Finance staff also undertake Continuous Professional Development and the Council is an accredited body of the CIPFA (Chartered Institute of Public Finance Accountancy) CPD scheme. They maintain knowledge and skills through regular technical updates from appropriate bodies.

### 7.4 Property

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer. The Council is a member of ACES – the Association of Chief Estates Surveyors and Property Managers in the Public Sector. The team have extensive property knowledge and have worked for the Council for a number of years.

### 7.5 Legal

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies.

## 7.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing
- **ChanceryGate** – Property and Asset Management and asset development opportunities in relation to Kingstown Industrial Estate

## APPENDIX A

## Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	Marginal	Strengthen the role of Transformation Sub-Group 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	High	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. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.



# Report to Council

**Agenda  
Item:  
  
18(iii)**

Meeting Date: 11<sup>th</sup> September 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: YES: Recorded in the Notice Ref: KD.  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **ASSET MANAGEMENT PLAN 2018 TO 2023**  
Report of: **Corporate Director of Governance & Regulatory Services**  
Report Number: **GD.66/18**

## Purpose / Summary:

The attached report (GD60/18) draft Asset Management Plan was considered by Executive on 23<sup>rd</sup> July 2018 before being referred to Business and Transformation Overview & Scrutiny Panel on 26<sup>th</sup> July 2018 and back to Executive on 20<sup>th</sup> August 2018.

## Recommendations:

Council agree to adopt the Asset Management Plan for 2018-2023

## Tracking

Executive:	<b>23<sup>rd</sup> July 2018</b>
Overview and Scrutiny:	<b>26<sup>th</sup> July 2018</b>
Executive:	<b>20<sup>th</sup> August 2018</b>
Council:	<b>11<sup>th</sup> September 2018</b>

# Report to Executive

Agenda  
Item:

Meeting Date: 20 August 2018  
Portfolio: Finance, Governance and Resources  
Key Decision: YES: Recorded in the Notice Ref: KD.  
Within Policy and Budget Framework Yes  
Public / Private Public

Title: Asset Management Plan 2018 to 2023  
Report of: The Corporate Director of Governance and Regulatory Services  
Report Number: GD 60/18

## Purpose / Summary:

The draft Asset Management Plan was considered by Executive on 23<sup>rd</sup> July 2018 before being referred to Business and Transformation Scrutiny Panel on 26<sup>th</sup> July 2018. The minutes from the meeting of the Panel are considered elsewhere on the agenda.

## Recommendations:

The Executive considers the comments of Business and Transformation Panel and refer the Asset Management Plan to Council for adoption on 11<sup>th</sup> September 2018.

## Tracking

Executive:	23 <sup>rd</sup> July 2018
Scrutiny:	26 <sup>th</sup> July 2018
Executive:	20 <sup>th</sup> August 2018
Council:	11 <sup>th</sup> September 2018



## **1. BACKGROUND**

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. The Disposal Programme is into its eighth year and the Management Plan reports and updates on the position and the delivery performance.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

## **2. PROPOSALS**

- 2.1 The AMP provides a succinct document that reflects;
  - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
  - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance backlog, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates,
- How our Economic Development property portfolio is being managed to support economic growth, and
- An overview of the overall impact of the 2015 floods on the portfolio.

### **3. RISKS**

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

### **4. CONSULTATION**

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan was considered by Business and Transformation Overview & Scrutiny Panel on 26<sup>th</sup> July.

### **5. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

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

## **6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer:** Mark Walshe

**Ext:** 7427

**Appendices attached to report:** Asset Management Plan 2018 - 2023

**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:**

**LEGAL** - 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.

**FINANCE** – 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 2019/20 to 2023/24.

**EQUALITY** –

**INFORMATION GOVERNANCE** –



*Managing property as a resource for the City*

## ASSET MANAGEMENT PLAN

2018 – 2023

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## **1. The Council**

1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2018/19 has a net revenue budget of £12.581 million and capital expenditure budget of £9.011 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

1.2 The Council's asset base produces a rental income of around £4.2 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £87.5 million.

## **2. Purpose, Aims and Objectives**

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

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

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

7. Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
8. Contribute to the Council's Medium Term Financial Plan and Capital Strategy, identifying investment opportunities.
9. Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

### 3. **Property Strategies and Principles**

3.1 The Council has developed the following strategies and principles;

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long-term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.
- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

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

#### **4. Value for money**

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

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

#### **5. The Portfolio and Current Performance**

##### **5.1 Gross Asset Value as at 31 March 2018**

	<b>Operational assets</b>		<b>Non-operational assets</b>		<b>Total</b>
	<b>Community Assets</b>	<b>Land &amp; Buildings</b>	<b>Investment</b>	<b>Surplus</b>	
<b>No of assets</b>	<b>72</b>	<b>69</b>	<b>52</b>	<b>14</b>	<b>207</b>
<b>Total income</b>	<b>£6,600</b>	<b>£3,670,500*</b>	<b>£4,388,254**</b>	<b>£43,400</b>	<b>£8,108,754</b>
<b>Capital value</b>	<b>£4,021,000</b>	<b>£29,586,000</b>	<b>£87,484,000</b>	<b>£1,153,000</b>	<b>£122,244,000</b>
<b>Capital Expenditure</b>	<b>£50,372</b>	<b>£3,027,057</b>	<b>£925,592</b>	<b>£277,296</b>	<b>£4,280,317</b>
<b>Outstanding Maintenance</b>		<b>£2,296,300</b>	<b>£2,000,000</b>	<b>-</b>	<b>£4,296,300</b>

\* Income from operational assets (ie car parks, crematorium, Civic Centre rents)

\*\* Rental income from investment assets

The total capital spend on property assets in 2016/17 was £4.215 million.

The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. We are currently in the process of updating our condition surveys, approximately 50% of buildings have been inspected with the remainder due for completion over the summer. The information derived from these surveys is used to assess the current condition of our portfolio and advise on the level of outstanding maintenance. Although the survey programme is only partially complete, outstanding maintenance has decreased to £2,296,300 a reduction of 15%. This reduction can partly be attributed to the works undertaken to flood affected properties which has helped to



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address outstanding maintenance issues and also the Pools which has been removed given the impending Sands Centre development. Although this is good news we still have a significant amount of maintenance to undertake, circa £2,300,000, and this may rise following completion of the remainder of the survey programme. We are currently spending £150,000 p.a. to address this as detailed below and we would need to increase to circa £500,000 to ensure we maintain the condition of our assets. Failure to do so would result in major long-term capital expenditure being required to remedy the lack of maintenance.

Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset disposals and investment undertaken at Durranhill and Kingstown Industrial Estates.

### 5.2 Outstanding Maintenance

	17/18	18/19	19/20	20/21	21/22
<b>Total Revenue Budget</b>	£701,400	£715,500	£729,300	£729,300	£729,300
<b>Capital Schemes Special Projects</b>	£150,000	£150,000	£150,000	£150,000	£150,000
<b>Ratio Planned: Reactive Maintenance</b>	76 : 24	76 : 24	76 : 24	76 : 24	76 :24

Based upon condition surveys, an annual planned maintenance programme has been established for operational assets. As discussed above, there is unplanned maintenance; currently £2,296,300 for the portfolio of operational buildings; the delivery programme to reduce this incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3 year programme of planned and reactive maintenance on 20 November 2017 (report reference GD.72/17).

In condition category terms the split is:-

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Condition Category (as a % of Gross Internal Area Operational Property)			Sustainable Criteria
	2017-22	2018-23	
A. (Excellent)	59%	29.5%	Yes
B. (Good)	28%	60%	Yes
C. (Mediocre)	12%	10%	Review
D. (Poor)	1%	0.5%	No

Although the programme of condition surveys is only partially complete we have updated the condition categories to reflect the updated information. The table above shows the condition categories of the operational portfolio as reported last year and this current year. A full picture will only be available once the survey programme is complete later this year and will be reported as part of next year's plan. Although there has been a fall in the amount of floor space classed as excellent, overall the amount of floorspace in categories A & B has increased to 89.5%. To have nearly 90% of our portfolio classed as either excellent or good is a testimony to the proactive management regime we have in place to manage our assets.

### 5.3 Energy Efficiency

A programme of energy efficiency and renewable energy projects has been carried out with significant investment in recent years. Again, over the past year the focus has been incorporating energy efficiency measures as part of the flood reinstatement works and we will continue to do this where possible.

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

### 5.4 Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5-year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties and the programme is required to meet those duties. Report GD.72/17 was presented to the Executive on the 20<sup>st</sup> November 2017 with proposals for capital investment for planned major repairs.

The capital schemes special project fund for the programme 2018/19 has been allocated as follows:-

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PROPERTY	PROJECT	COST
Talkin Tarn Tea Room	Strip and re-slate roof	£25,000
Upperby Park Pavillion	Re-roof	£12,000
Bousteads Grassing	Resurfacing work	£10,000
Cemeteries	Resurfacing work	£30,000
Old Fire Station	Replace windows – phase 1 of 2yr programme	£20,000
Tullie House	Plant replacement	£20,000
Enterprise Centre	Fire alarm replacement	£20,000
Dixon's Chimney	Repointing work – phase 1 of 3yr programme	£13,000
<b>TOTAL</b>		<b>£150,000</b>

### 6. Continuous Review and Challenge

The Council continuously reviews and challenges how to best use its asset portfolio;

1. The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.
3. The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
4. The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
5. The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This potential will be further explored and actions taken to realise efficiencies with the resources currently available.
6. The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.

7. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

## **6.1 Accommodation Review**

An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible.

The redevelopment of the ground floor of the Civic Centre post flood has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.

The challenges going forward are:

To complete the redevelopment of the ground floor.

To maximise space utilisation in the Civic Centre embracing modern ways of working and to encourage take up of vacant space by our public-sector partners as part of the One Public Estate Programme to minimise occupation costs.

To maximise the revenue generation opportunities presented by the ground floor redevelopment.

## **6.2 Asset Review Business Plan**

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

Implementation of the Business Plan has taken place over the past 5 years with management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management put into place. These changes took place within

the context of the Transformation Programme and are constantly evolving as priorities and needs change.

### **6.3 Disposal Programme**

To date 38 assets have been sold realising total gross receipts of circa £10.15 million. Overall the returns show an increase of approximately 14% above the business plan estimates for those assets. The key driver this year has been to progress our portfolio of residential sites for disposal. Significant background work has been undertaken to unlock development potential in our key residential site at Greymoorhill resulting in access now having been established along with service connections. We anticipate concluding a deal on this shortly which will result in circa 200 new homes being developed on the site and a significant capital receipt for the City Council.

We are currently in the process of reviewing our portfolio to look at further opportunities to rationalise our portfolio. Once complete and subject to the necessary consents we envisage a further programme of disposals over the coming years.

### **6.4 Reinvestment Options**

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

Opportunity purchases into the Economic Development and Operational portfolios have been completed to consolidate the Council's existing property ownership and land holdings in Rickergate with the acquisition of properties in the Warwick Street and Victoria Viaduct areas, together with a large redevelopment site at Caldew Viaduct which has been cleared in preparation for redevelopment.

### **6.5 Chancerygate – Kingstown and Parkhouse**

Chancerygate, the Council's appointed managing agents for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City. A bulky goods retail scheme has been prepared for the Gateway 44 site at Parkhouse and a planning application is being progressed and legals are being finalised with a number of tenants resulting in the scheme being significantly pre-let prior to commencement of the build. The intention, subject to Council approval, is that the Council will develop the scheme and retain as a long-term investment. Terms have also been agreed for a new ground lease investment on site 1 at Parkhouse, the last remaining vacant site on the Parkhouse estate. New signage is in place on the entrances to the estate reflecting the brand we have developed for all of our estates and Chancerygate continue to progress the day to day work, in particular the rent review programme.

## **6.6 Economic Development Portfolio**

The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

The emerging Borderlands Growth Deal presents a significant opportunity for the growth of the city with Carlisle seen as the “beating heart” of the Border region. Proposals are being developed that would see the improvement of the station along with developments at the Citadel and Caldew Riverside. The City Council has significant land holdings that could assist in the delivery of these transformational projects and we are working closely with our colleagues at Cumbria County Council and Network Rail to prepare the requisite business cases for submission to Central Government over the Summer. An announcement is anticipated in the Autumn on whether the Growth Deal bid has been successful.

St Cuthbert's Garden Village scheme continues to make good progress, with the proposals recently refined to focus on smaller settlements rather than one large one and a preferred route has now been agreed for the proposed Southern Relief Road which has the potential to improve the attractiveness of existing localities such as Morton, whilst also alleviating congestion on the southern approaches to the City Centre. Delivery models are under exploration including the potential role of the City Council and other public-sector partners in acquiring and subsequently disposing of land.

The University of Cumbria has vacated the accommodation it previously leased from the city Council at Paternoster Row & Castle Street. The City Council has continued to operate the BIC at Paternoster Row and we are currently investigating options for the Castle Street accommodation.

## **6.7 Flood Affected Assets**

Recovery from Storm Desmond is virtually complete at all affected assets apart from the Civic Centre & Bitts Park where major redevelopments are planned. Where possible flood resilience measures have been incorporated in the reinstatement works to minimise the effect of any future flooding incidents.

## **7. Conclusion**

The Council has a highly rationalised and suitable service occupied portfolio although a significant maintenance requirement that needs to be addressed. However we are not complacent and will continue to look for opportunities to rationalise our operational portfolio where possible.

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The Council has a significant commercial portfolio, which is generating substantial rental income however we will continue to look for opportunities to unlock development potential and create investment assets within our portfolio, as evidenced at Gateway 44 whilst also supporting our aspirations for Economic Growth.

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

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

The Council's asset base is continually being challenged and reviewed with additional efficiency measures implemented where appropriate.

The Council is looking at ways in which it can improve and re-model the way in which it delivers its property management services producing further cost and efficiency savings.