

2016/17 BUDGET PROCESS

The Budget Reports in 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	16 November 2015
Community Overview and Scrutiny Panel	19 November 2015
Environment and Economy Overview and Scrutiny Panel	26 November 2015
Resources Overview and Scrutiny Panel	1 December 2015
Executive (Special)	7 December 2015
Executive	14 December 2015
Resources Overview and Scrutiny Panel	7 January 2016
Executive	13 January 2016
Council (Special)	2 February 2016

2016/17 BUDGET REPORTS

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Report to Executive

Agenda
Item:

A.1(a)

Meeting Date: 16 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD33/15
Within Policy and Budget Framework YES
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2016/17 TO 2020/21
Report of: DIRECTOR OF RESOURCES
Report Number: RD40/15

Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2015/16, together with base estimates for 2016/17 and forecasts up to 2020/21 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 2015/16 and base estimates for 2016/17;
- (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 budget pressures/savings needing to be taken into account as part of the 2016/17 budget process.

Tracking

Executive:	16 November 2015, 14 December 2015
Overview and Scrutiny:	ROSP 01/12/15; EEOSP 26/11/15; COSP 19/11/15
Council:	

1. INTRODUCTION

- 1.1. This report considers the revised base estimates for 2015/16 together with the estimates for 2016/17. 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 8 September 2015:
 - ◆ Medium Term Financial Plan and Charging Policy
 - ◆ Capital Strategy
 - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular the following are key to the budget process and details on these are considered further in the report:
 - Government Finance Settlement - RSG and Business Rate Retention
 - Welfare Reform Act
 - Transformation
 - Stock issue loan refinancing in 2020
 - Future borrowing requirements
- 1.4. The report draws on information contained in a number of reports that are being considered elsewhere on this agenda. The principal budget reports have been listed in **Appendix A**.
- 1.5. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2016.

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 2015/16 and 2016/17 with projections to 2020/21. The 2015/16 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

		2015/16 Original £000	2015/16 Revised £000	2016/17 Original £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000	2020/21 Proj £000
Net Base Budget Parish Precepts (PP)		13,080 494	13,203 494	11,549 506	11,708 519	11,444 532	12,828 545	13,687 559
Total		13,574	13,697	12,055	12,227	11,976	13,373	14,246
Original MTFP Projections		13,574	13,574	12,055	12,227	11,976	13,373	14,246
Variance		0	123	0	0	0	0	0
Analysis of Variance:								
Non-Recurring:								
Tennis Facility	1	0	97	0	0	0	0	0
Renewals Reserve	2		48					
Cremator Reserve	3		(39)					
Leisure Reserve	4		7					
Economic Investment Reserve	5		10					
Total Variance		0	123	0	0	0	0	0

Notes

Note 1 – This relates to a contribution to capital to part fund the enhanced tennis facility at Bitts Park as agreed by Council in September 2015.

Note 2: - This relates to expenditure funded from the Renewals Reserve in relation to Enterprise Licences

Note 3: - This relates to the transfer of income levied that is transferred to the cremator reserve to establish a fund for replacing cremators when required.

Note 4: This relates to the use of the Leisure Reserve to fund the market engagement exercise for the procurement of the new leisure contract.

Note 5: This relates to the use of the Economic Investment Reserve to fund a Project Officer for the Local Plan.

- 2.3. Members will be aware from the Charges Review reports considered elsewhere on this agenda that a number of income streams are either above or below projected levels in the current financial year. This will be kept under review as part of the budget monitoring process for 2015/16 with the position for 2016/17 onwards being considered as part of the budget process.

- 2.4. **Appendix B** details the movements between the Original Budget for 2015/16 and the Original Budget for 2016/17 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
2015/16	32	582	646	600	1,860
2016/17	(1,065)	450	13	0	(602)
2017/18	(619)	20	13	0	(586)
2018/19	(995)	0	0	0	(995)
2019/20	240	0	0	0	240
2020/21	948	0	0	0	948

- 3.2 Other than the minor changes detailed at section 2 there have been no major revisions to the budgets at this stage. The revised estimates for 2015/16 will be recommended to Council as part of the budget process.

4. OUTSTANDING KEY ISSUES

4.1. Revenue Support Grant (RSG)

The figures incorporated into this report are based on the 2015/16 Local Government Finance Settlement confirmed by the Secretary of State in December 2014. Further reductions for 2016/17 onwards have only been estimated in the MTFP with further details likely to be announced in the Comprehensive Spending Review later in November.

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 2016/17 and that the Council Tax Reduction Scheme parameters will continue as were agreed for 2015/16. These two areas will be reported again in December asking for formal approval of how they are to continue.

Further details on the Government announcement that Local Authorities will retain 100% of Business Rates from 2020 are still unknown although more details may be forthcoming in the CSR announcement. It is also not yet known what the referendum

limit will be for potential Council Tax increases, although it is assumed that this will remain at 2%.

4.3. **Welfare Reform Act**

The Government has announced that there will be significant changes to the Welfare State as part of the current Parliament and this will involve radical changes to the way benefits are managed and distributed. There will be significant changes to the way Carlisle City Council manages benefits, with housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2014 and 2017). Housing Benefit Admin Grant is therefore likely to reduce over the life of the MTFP.

4.4. **Transformation**

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

4.5. **Resource Assumptions**

Contributions from balances include all approvals to date, but make no assumptions on further contributions from balances to support the budget from 2016/17 onwards. The resources projections assume:

- A reduction in Government Grant allocation from 2016/17 onwards. However indications are that there will be further reductions to these figures from 2017/18 onwards.
- A 1.99% Council Tax increase for 2016/17 with an increase of 1.99% thereafter.
- A Council Tax Surplus for 2016/17 onwards of £35,000. The actual figure for 2016/17 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £500,000 to be achieved through growth and from the benefits of Pooling.
- An assumed taxbase of 31,673.98. The final taxbase for 2016/17 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2016/17 is for a total of £506,000 (including approximately £54,000 in Government Grant for Council Tax reduction scheme.) The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

- Each 1% (£1.95) movement in Council Tax impacts on the Council by £67,000
- Each 1% movement in RSG/NNDR grant will impact by £91,000.

- Each £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

5. POTENTIAL NEW SPENDING PRESSURES

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

5.2 Revenue Support Grant (RSG) - £800,000 to £2.029million by 2018/19

It is anticipated that Revenue Support Grant will be eliminated as a funding source by 2020, however, no details will be known until December as to the profiling of this over the following five years. Government have previously announced that there will be a reduction in funding of between 25% and 40%, however, with the announcement that local authorities will retain 100% of business rates from 2020, it is likely that all Revenue Support Grant support will be taken from local authorities.

5.3 Treasury Management

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

5.4 New Homes Bonus 2014/15 - £269,000 in 2020/21

The allocation of New Homes Bonus for 2014/15 ceases in 2020/21, and as such will need removed from the budget.

5.5 Revenue Contribution to Capital – up to £1.5 million

This pressure will assist in financing the capital programme without unduly increasing the Council's Capital Financing Requirement and therefore its borrowing requirement.

5.6 Lanes Income – £296,000 up to £434,000 in 2018/19

Income from the Lanes has not achieved the target in the MTFP for a few years. A Non-recurring reduction is included in the budget up until 2017/18 and this pressure reduces the recurring budget to the income achieved in 2014/15.

5.7 NNDR Costs - £30,000

The NNDR costs on the Council's own buildings have risen recently and this pressure reflects the increased requirement. This is offset by the additional income being generated through business rates.

5.8 Homelife - £170,000

This pressure reflects the continuation of funding for the Homelife team as funding from external sources ceases on 31 March 2016.

5.9 Supporting People Contract – up to £50,000

This pressure reflects the requirement to provide funding due to the reductions in the supporting people contract from the County Council.

5.10 National Living Wage – up to £74,000

The National Living Wage will be phased in up until 2020 and this pressure reflects the increased costs of changes to the lower pay scales within the Council to ensure staff affected are paid the new rates

5.11 Civic Centre Rentals - £42,000

This pressure reflects the income lost from tenants no longer renting office space in the Civic Centre.

5.12 Land Charges Income - £34,300

Income from Land Charges is forecast to fall due to the use of private search companies as an alternative to the Council. Further details can be found in the Governance Charges Report (GD69/15) elsewhere on this agenda.

5.13 Asset Management - £150,000

This represents the potential cost of entering into an asset management agreement for Council assets. This is offset from 2018/19 with additional income generated from the agreement. The final requirement will not be known until the contract is awarded so may be subject to change.

5.14 Other budget pressures

- A net position of income shortfalls (not detailed above) from the charges reports of £26,200
- Insurance Premium tax increase £15,000
- Market Head Rent projections up to £7,000
- Costs associated with the removal of travellers of £20,000
- Youth exchange £25,000

A deminimis level of £35,000 is suggested i.e. SMT look to fund pressures which fall below this level from within base budgets

6. SAVINGS AND ADDITIONAL INCOME PROPOSALS

- 6.1 The current MTFP includes a savings requirement to be found by 2018/19 of £3.475million. This savings requirement takes no account of the pressures identified above or the additional savings identified below. The net position of the final pressures and savings identified as part of this budget process may require changes to be made to the overall savings target.
- 6.2 Further savings/additional income have already been identified in the budget process for 2016/17 to date.
- 6.3 **Inflation – £421,000 up to £2.784 million by 2020/21**
The MTFP assumes inflation on general expenditure of 2.0% and 3.0% for income. The current level of CPI (consumer price inflation) as at September 2015 is 0% and the Bank of England target for inflation is 2%. Pay Awards are forecast to be 1% for four years (as announced in the Budget 2015). The cash amount included in the MTFP for inflation has been reduced significantly given reducing levels of expenditure and lower forecasts for inflation.
- 6.4 **New Homes Bonus - £350,000 per year**
No provision has been made for New Homes Bonus allocations for 2016/17 and this saving represents the average received per year up to date. Final allocations will not be known until December 2015.
- 6.5 **Asset Management - £150,000 from 2018/19**
This additional income offsets the additional costs of entering into an agreement with an asset manager (per Paragraph 5.15).
- 6.6 **Asset Review Income - £277,700 to 2017/18**
This saving represents income that would have been lost if asset sales had progressed per the asset disposal programme. However, a review has been undertaken and assets generating this income are now not to be sold, meaning the income can be added back into the budget. From 2018/19 it is proposed to allocate this income against the Asset Income saving target of £1m.
- 6.7 **Retained Business Rates - £280,000**
The outturn position with regard to retained business rates in 2014/15 were well above that anticipated in the budget and forecasts also point to additional income

being generated from this funding. This is on the assumption that the Council continues in the Cumbria Pool.

7. PROJECTED IMPACT ON REVENUE BALANCES

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

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

- 7.3 The Council’s overall levels of balances are set out in **Appendix G** and do **not** include any impact of the proposed pressures and savings outlined in this report. The Projects Reserve has been used as a first call for the current projected revenue budget deficit as set out in paragraph 2.1. The projected call on reserves is unsustainable given the current pressures and replenishment 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 could be reduced from £2.6million to £2million.

8. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2016/17 to 2020/21

- 8.1 The current budget projections for the next five-year period are challenging and continue to show the requirement for substantial savings to be achieved in order to enable the Council to contain its ongoing commitments within available resources.
- 8.2 Notification of Government general and specific grants is received on an individual basis late in the budget process which makes forward planning difficult.
- 8.3 In terms of expenditure pressures, the significant issue affecting the budget is the continuing falling levels of income being received by the Council.
- 8.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and

the Executive will make recommendations in this respect in December.

- 8.5 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes. At this stage it should be noted that the current revenue deficit requires substantial savings to be identified to meet the ongoing projected shortfall.

9 CONSULTATION

- 9.1 The Resources Overview and Scrutiny Panel will consider this report on 1 December 2015, and their views fed back to the Executive on 14 December. The draft budget proposals will then be issued by the Executive on 14 December, and will be subject to wider internal and public consultation.

10 RECOMMENDATIONS

The Executive is requested to:

- (a) note the revised base estimates for 2015/16 and base estimates for 2016/17;
- (b) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (c) note the budget pressures/savings needing to be taken into account as part of the 2016/17 budget process.

11 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 11.1 To ensure that a balanced budget is set.

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Appendices attached to report:

- Appendix A – Principal Reports considered in budget process to date**
- Appendix B – Movements between Original budget 2015/16 and Original budget 2016/17**
- Appendix C – Proposals for Transformational Savings**
- Appendix D – Existing Expenditure Commitments**
- Appendix E – Existing Resource Projections**
- Appendix F – Council Reserves**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – contained within the body of the report

PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
RD21/15	08/09/15	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2016/17 to 2020/21
RD22/15	08/09/15	Capital Strategy 2016/17 to 2020/21
GD61/15	08/09/15	Asset Management Plan 2015 -2020
RD40/15	16/11/15	Budget Update – Revenue Estimates 2016/17 to 2020/21
RD41/15	16/11/15	Provisional Capital Programme 2016/17 to 2020/21
GD63/15	16/11/15	Charges Review – Licensing
GD69/15	16/11/15	Charges Review – Governance
PC21/15	16/11/15	Charges Review – Chief Executive & Deputy Chief Executive
ED38/15	16/11/15	Charges Review – Economic Development
LE30/15	16/11/15	Charges Review – Local Environment
GD65/15	16/11/15	Corporate Assets – 3 Year Repair and Maintenance Programme

APPENDIX B

MOVEMENTS BETWEEN ORIGINAL BUDGET 2015/16 & ORIGINAL BUDGET 2016/17

	£	£
Updated Original Estimate 2015/16	13,080,000	
Carry Forwards 2014/15	(645,600)	
Original Estimate 2015/16		12,434,400
<u>Impact of 2015/16 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	0	
Transformation Savings	(1,601,000)	
Asset Review	0	
Pay Award	(86,000)	
Invest to Save Schemes completing	(35,000)	
National Insurance Rate Change	250,000	
Inflation Savings	(100,000)	
Events Sponsorship Income	(7,000)	
Treasury Management	(101,200)	
Specific Grants included in RSG	9,000	
Asset Management Plan	(150,000)	
New Homes Bonus Returned Funding	26,000	
Homelessness	66,000	
Council Tax Freeze Grant	136,000	
Apprentice Scheme	(56,000)	
Homelessness	(66,000)	
Carry forward from 2014/15	13,000	
		(1,702,200)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		816,600
Original Estimate 2016/17		11,548,800

PROPOSALS FOR TRANSFORMATIONAL SAVINGS

Year	Area	Amount £	Achieved
2016/17	Parish Grants - Concurrent Grants	49,000	50,000
2016/17	Revenues & Benefits Shared Service	100,000	100,000
2016/17	Channel Shift	150,000	
2016/17	Digital Information Services	65,000	29,000
2016/17	Festive Lights - (to be made through sponsorship)	29,000	
2016/17	Rethinking Waste Services	400,000	
2016/17	Tullie House Grant	214,000	
2016/17	Grants to Community Centres	94,000	
2016/17	Voluntary Redundancy/Vacancy Management	150,000	25,000
2016/17	New Savings from 2015/16 Budget Process	350,000	
		1,601,000	204,000
2017/18	Digital Information Services	45,000	
2017/18	Voluntary Redundancy/Vacancy Management	350,000	
		395,000	0
2018/19	Leisure Services Grant	329,000	
2018/19	assumed income from asset sales	1,000,000	474,000
2018/19	Voluntary Redundancy/Vacancy Management	150,000	
		1,479,000	474,000
	TOTAL	3,475,000	678,000

Summary of Potential New Spending Pressures

Detail		2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Changes to Funding						
Revenue Support Grant	5.2	800	1,200	2,029	2,029	2,029
Total Recurring Pressures		800	1,200	2,029	2,029	2,029
Recurring						
Treasury Management	5.3	311	201	200	(15)	(629)
New Homes Bonus 2014/15	5.4	0	0	0	0	269
Revenue Contribution to Capital	5.5	1,500	400	400	400	400
Lanes Income	5.6	296	296	434	434	434
NNDR Costs	5.7	30	30	30	30	30
Homelife	5.8	170	170	170	170	170
Supporting People Contract	5.9	50	50	50	50	50
National Living Wage	5.10	0	5	52	62	74
Civic Centre Rentals	5.11	42	42	42	42	42
Land Charges Income	5.12	34	34	34	34	34
Asset Management	5.13	150	150	150	150	150
Other budget pressures	5.14	26	26	26	26	26
Total Recurring Pressures		2,609	1,404	1,588	1,383	1,050

Summary of Potential New Savings Proposed

Detail	Note	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Changes to Funding						
Business Rate Retention Income	6.7	(280)	(280)	(280)	(280)	(280)
Total Changes to Funding		(280)	(280)	(280)	(280)	(280)
Savings Proposed						
Inflation	6.3	(421)	(1,028)	(1,658)	(2,292)	(2,784)
New Homes Bonus	6.4	(350)	(350)	(350)	(350)	(350)
Asset Management	6.5	0	0	(150)	(150)	(150)
Asset Review Income	6.6	(277)	(277)	0	0	0
Total of Savings		(1,048)	(1,655)	(2,158)	(2,792)	(3,284)

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2015/16		2016/17 Estimate £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000	2020/21 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	2,443	2,443	2,658	1,805	1,221	1,240	1,260
Treasury Management	1,883	1,883	2,061	2,143	2,298	2,299	2,299
Inflation Projection	6,546	6,546	7,347	8,163	9,002	9,841	10,680
2015/16 agreed Savings	(459)	(459)	(1,258)	(1,399)	(1,541)	(1,384)	(1,384)
2015/16 agreed Spending	1,536	1,536	278	963	464	832	832
2015/16 Budget Changes	0	97	0	0	0	0	0
Total Core Expenditure	11,949	12,046	11,086	11,675	11,444	12,828	13,687
Non Recurring Exp:							
Pre 2014/15 approvals	(106)	(106)	0	0	0	0	0
2015/16 agreed Savings	(39)	(39)	0				
2015/16 agreed Spending	630	630	450	20	0	0	0
Carry Forwards	646	646	13	13	0	0	0
Use of Earmarked Reserves	0	26	0	0	0	0	0
Total non Recurring Expenditure	1,131	1,157	463	33	0	0	0
Total City Council Budget Requirement	13,080	13,203	11,549	11,708	11,444	12,828	13,687
Parish Council Precepts	494	494	506	519	532	545	559
Total Requirement	13,574	13,697	12,055	12,227	11,976	13,373	14,246

EXISTING RESOURCE PROJECTIONS

RESOURCES PROJECTION	2015/16 Original Estimate £000	2015/16 Revised Estimate £000	2016/17 Estimate £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000	2020/21 Proj £000
Projected External Finance:							
- Revenue Support Grant	(2,245)	(2,245)	(2,223)	(2,128)	(2,029)	(2,029)	(2,029)
- Retained Business Rates (inc Pooling)	(3,527)	(3,527)	(3,645)	(3,740)	(3,839)	(3,839)	(3,839)
- Surplus on Collection Fund	(35)	(35)	(35)	(35)	(35)	(35)	(35)
- C/Tax for Parish Precepts	(440)	(440)	(452)	(465)	(478)	(491)	(505)
- Parish Council Tax Grant	(54)	(54)	(54)	(54)	(54)	(54)	(54)
- Council Tax Yield	(6,110)	(6,110)	(6,248)	(6,391)	(6,536)	(6,685)	(6,836)
Total Income based on 1.99% Tax increase Projections	(12,411)	(12,411)	(12,657)	(12,813)	(12,971)	(13,133)	(13,298)
Plus Approved Contributions from Balances:							
- Pre 2015/16 non recurring commitments	(623)	(623)	602	586	995	(240)	(948)
- 2015/16 non recurring commitments	0	(97)	0	0	0	0	0
- Pre 2015/16 recurring Carry Forwards	106	106	0	0	0	0	0
Reprofiling	(646)	(646)	0	0	0	0	0
Use of Earmarked Reserves	0	0	0	0	0	0	0
Use of Earmarked Reserves	0	(26)	0	0	0	0	0
Total Use of Reserves	(1,163)	(1,286)	602	586	995	(240)	(948)
Total Projected Resources	(13,574)	(13,697)	(12,055)	(12,227)	(11,976)	(13,373)	(14,246)

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000	Projected 31 March 2021 £000
Revenue Reserves							
General Fund Reserve	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)	(2,600)
Projects Reserve	(2,132)	(272)	(874)	(1,460)	(2,455)	(2,215)	(1,267)
Conservation Reserve	(117)	(117)	(117)	(117)	(117)	(117)	(117)
Collection Fund (Carlisle Share only)	340						
Transformation Reserve	(340)	(940)					
EEAC Reserve	(43)	0					
Building Control Reserve	(94)						
Cremator Reserve	(290)	(329)					
Leisure Reserve	(150)	(144)					
Economic Investment Reserve	(128)	(118)					
Car Parking Reserve	(151)						
City Centre Reserve	(42)						
Welfare Reform Reserve	(200)	(200)					
Repairs & Renewals Reserve	(550)	(502)					
Business Rates Volatility Reserve	(39)						
Total Revenue Reserves	(6,536)	(5,222)	(3,591)	(4,177)	(5,172)	(4,932)	(3,984)
Capital Reserves							
Usable Capital Receipts	(3,249)	0	0	0	0	0	0
Asset Disposal Reserve	(360)	0	0	0	0	0	0
Unapplied capital grant	(191)	(191)	(191)	(191)	(191)	(191)	(191)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
CLL Reserve (i)	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(384)	(15)	(30)	(45)	(60)	(75)	(90)
Total Capital Reserves	(4,754)	(776)	(791)	(806)	(821)	(836)	(851)
Total Usable Reserves	(11,290)	(5,998)	(4,382)	(4,983)	(5,993)	(5,768)	(4,835)
Other Technical Reserves (ii)	(90,831)						
Total All Reserves	(102,121)						

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

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

Report to Executive

Agenda
Item:

A.1(b)(i)

Meeting Date: 16 November 2015
Portfolio: Leader's Portfolio / Culture, Leisure & Young People
Key Decision: Yes
Within Policy and Budget Framework YES
Public / Private Public

Title: REVIEW OF CHARGES 2016/2017 – Chief Executive's Team & Deputy Chief Executive's Team
Report of: Chief Executive/Deputy Chief Executive
Report Number: PC 21/15

Purpose / Summary: This report sets out the proposed fees and charges for 2016/17 relating to those services falling within the responsibility of the Chief Executive's Team & Deputy Chief Executive's Team.

Recommendations: The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2016 noting the impact these will have on income generation as detailed within the report.

Where project work is ongoing the Executive are asked to delegate the setting of these charges to the Deputy Chief Executive.

Tracking

Executive:	16 November 2015, December 2016
Overview and Scrutiny:	ROSP 1/12/15 ; EEOSP 26/11/15 ; COSP 19/11/15
Council:	

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 Each Directorate and Team is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Chief Executive's Team & Deputy Chief Executive's Team. The charges include the use of event assets by external organisations, promotion and marketing, and the use of the Old Fire Station. 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.

2. CORPORATE CHARGING POLICY 2016/17 TO 2020/21

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 18 August 2015 and Full Council on 9 September 2015 and sets out the City Council's policy for reviewing charges. The principal objectives(s) of setting the charge are:
 - Recovering the cost of service provision
 - Generate Surplus Income (where permitted)
 - Maintain existing service provision
 - Fund service improvements or introduction of new service(s)
 - Manage demand for service(s)
 - Promote access to services for low-income households
 - Promote equity or fairness
 - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)
- 2.2 The MTFP currently assumes an overall income target for the financial year 2016/17 reflecting an increase of 3% on 2015/16 budgets. Income from Arts Centre ticket sales and room lettings is budgeted in the MTFP at £71,800, and income from event assets and advertising is budgeted at £19,400.
- 2.3 In addition, the policy recognises that each service area is different. Service managers need to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. ORGANISATIONAL DEVELOPMENT

- 3.1 Organisational Development will be testing the market for NVQ assessment work in 2016/17. As this project work is ongoing the Executive are asked to delegate the setting of these charges to the Chief Executive.

4. EVENT ASSETS

- 4.1 A number of assets are available to organisations for use in events. In the case of community events, it is proposed that the charges can be reduced, the value of the charges will be considered as additional support in kind for the event.

Table 1: Charges for event assets

Asset	Charge
Stalls	£50/day
Tables	£5/day

5. PROMOTION & MARKETING

- 5.1 The City Council has a number of assets that can be used for promotion and marketing. These assets may be used as part of a value in kind arrangement for an event partner.
- 5.2 Carlisle City Council Website. A contract is in place to generate income from advertising on the Council's website. The charges for use are set by service provider, CAN.
- 5.3 Civic Centre Banner Space (Digital). The calendar is divided into a number of peak and off-peak slots. The charges for the banner site are as follows:

Table 2: Charges for Digital Banner

Digital Banner commercial use	£100-£150 per slot
Digital Banner event support	£75-150 per slot

- 5.4 The charges for the Discover Carlisle Website, Events Guide and Holiday Guide will be reviewed in December as we test the market.
- 5.5 City Centre Lamppost Banners will also be reviewed in December as part of a wider commercial strategy.
- 5.6 The residents' magazine, Carlisle Focus, will continue to offer advertising opportunities.

Table 3: Charges for Carlisle Focus

Asset	Charge
Carlisle Focus Magazine	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.

- 5.7 A number of other assets are available. As this project work is ongoing the Executive are asked to delegate the setting of these charges to the Deputy Chief Executive ? :
- Tourist Information Centre Banner Space and Digital Screen (Economic Development)
 - Bandstand Banner Space (Local Environment)
 - Car park Lamppost Banners
 - Bin poster sites
 - Highway banner spaces agreed along event routes
 - TV screen in Civic Centre reception
 - Powerpoint Presentation on the wall in the Civic Centre reception
 - Display Area in the reception
 - Iframe for CarlisleWifi
- 5.8 These charges are anticipated to generate income in line with the MTFP target for 2016/17 (£20,000). This income will help offset the costs of supporting events.

6. OLD FIRE STATION

- 6.1 There are three core trading/income generating areas where we will impose charges. These are:
- *Ticket sales* *(charges for Carlisle City Council promoted events and performances)*
 - *Room Hire* *(charges for external agencies using the facilities for either non-ticketed meetings / events or ticketed public performances)*
 - *Commercial Space / Office Lettings* *(charges for tenancy within the available work units / office spaces)*
- 6.2 In addition to standard room hire rates for non-ticketed events The Engine Room, Parquet Room and Dormitory may all be utilised by private promoters or partners for ticketed public events. Executive are asked to delegate the setting of any charges for such events to the Deputy Chief Executive. The charge for any such event will take into account the proposed event's offer to the programme, market demand and other costs to the promoter, and the benefit to the Council of secondary revenue generation (via the bar and catering offer)
- 6.3 The tables below present the proposed charges for each of the identified charging areas.

Table 4: Ticket sales

Ticket Sales			
Trading Area / Item	Current Charge	Proposed Charge	Notes
Carlisle City Council promoted events and performances	£0 - £25 per ticket	£0 - £25 per ticket	<i>Ticket prices for events will be considered individually and informed by the artist fees and likely market demand.</i>

Table 4.1: Room hire –The Engine Room

Room Hire – The Engine Room				
Trading Area / Item		Current Charge	Proposed Charge	Notes
The Engine Room (non-ticketed / non performance events)	½ Day (4 hours) Commercial / Private Rate	£150	£150	<i>Available through the day 09.00 – 17.00 only.</i>
	½ Day (4 hours) Charitable Group Rate	£100	£100	
	Full Day (8 hours) Commercial / Private Rate	£250	£250	
	Full Day (8 hours) Charitable Group Rate	£165	£165	
	Evening Commercial / Private Rate	£400	Reduction to reflect market rates and to increase trade	<i>Evening booking comprise 18.00 – 23.00</i>
	Evening Charitable Group Rate	£250	Reduction to reflect market rates and to increase trade	

Table 4.2: Room hire –The Dormitory

Room Hire – The Dormitory				
Trading Area / Item		Current Charge	Proposed Charge	Notes
The Dormitory	Hourly Commercial / Private Rate	£21	£21	
	Hourly Charitable Group Rate	£15	£15	
	Full Day (8 Hours) Commercial / Private Rate	£125	£125	Available through the day 09.00 – 17.00 only.
	Full Day (8 Hours) Charitable Group Rate	£85	£85	
	Evening Commercial / Private Rate	£125	£125	Evening booking comprise 18.00 – 23.00
	Evening Charitable Group Rate	£85	£85	

Table 4.3: Room hire –The Parquet Room

Room Hire – The Parquet Room				
Trading Area / Item		Current Charge	Proposed Charge	Notes
The Parquet Room	Hourly Commercial / Private Rate	£25	£25	
	Hourly Charitable Group Rate	£17	£17	
	Full Day Commercial / Private Rate	£150	£150	Available through the day 09.00 – 17.00 only.
	Full Day Charitable Group Rate	£100	£100	
	Evening Commercial / Private Rate	£150	£150	Evening booking comprise 18.00 – 23.00
	Evening Charitable Group Rate	£100	£100	

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. This will be a direct recharge of any hourly rates for staff used.

Table 5: Commercial Space / Office Lettings

Commercial Space / Office Lettings			
Trading Area / Item	Current Charge	Proposed Charge	Notes
Unit 2 (17 Metres ²)	£1,200 per annum	£1,200 per annum	<i>A service charge, payable in addition to the rent will be levied to reflect a fair proportion of the cost of the provision of support services including, but not exhaustively, repairs, rates, building insurance, utilities, cleaning of common parts, security etc. This will be calculated based on a proportionate share of the overall building costs.</i>
Unit 3 (15.5 Metres ²)	£1,200 per annum	£1,200 per annum	
Unit 4 (17 Metres ²)	£1,200 per annum	£1,200 per annum	
Unit 5 (7.5 Metres ²)	£600 per annum	£600 per annum	
Unit 6 (5 Metres ²)	£450 per annum	£450 per annum	

7. SUMMARY OF INCOME

- 7.1 The 2016/17 forecast levels of income based upon the charging structure outlined in this report are as follows:

Table 6: Forecast levels of income

Area	Original Estimate 2015/16	MTFP Target 2016/17	Estimate 2016/17	Shortfall or (Excess) over MTFP
Event Assets	600	600	600	0
Carlisle Focus Advertising	2,000	2,100	2,100	0
Advertising	10,000	17,300	17,300	0
Total Income	12,600	20,000	20,000	0
Ticket Sales	54,600	56,200	56,200	0
Room Lettings	11,600	11,900	11,900	0
Commercial Lettings	3,700	3,700	3,700	0
Total Income	69,900	71,800	71,800	0

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 8.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2016 noting the impact these will have on income generation as detailed within the report.

Where project work is ongoing the Executive are asked to delegate the setting of these charges to the Deputy Chief Executive.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 9.1 The events programme and Arts Centre are key actions for the delivery of the priorities. This report ensures that the City Council's Corporate Charging Policy is complied with.

Contact Officer: Steven O'Keeffe/Gavin Capstick **Ext:** 7258/7123

Appendices attached to report:

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – These charges and forecasted income are now drivers for an increasingly commercial approach to our events, marketing and communications programme. A new commercial strategy will help focus these efforts in 2016/17.

Deputy Chief Executive –

Economic Development –

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

Local Environment –

Resources – The charges outlined in this report will raise income in line with the Business Plan for the Old Fire Station and the charges for Council event assets, advertising and sponsorship will raise income in line with the MTFP to offset the cost of the Council hosting events. The acceptance of the charges highlighted in this report will result in an anticipated level of income of £91,800 against the MTFP target of £91,800.

Report to Executive

Agenda
Item:

A.1(b)(ii)

Meeting Date: 16 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD33/15
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2016/17 - GOVERNANCE
Report of: DIRECTOR OF GOVERNANCE
Report Number: GD 69/15

Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Governance and Resources Directorates.

Recommendations:

The Executive is asked to agree the charges as detailed in the report and set out in Appendix A with effect from 1 April 2016 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	16 November 2015, 14 December 2015
Overview and Scrutiny:	ROSP 1/12/15; EEOSP 26/11/15; COSP 19/11/15
Council:	

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

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Governance Directorate in respect of charges for Electoral Registers, Minute books, room bookings, access to information requests, health and safety advisory services and Local Land Searches. 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** 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 2016/17 TO 2020/21

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at **Appendix E**, was approved by the Executive on 24 August 2015 and Full Council on 8 September 2015 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

- 2.2 The MTFP currently assumes an income target for the financial year 2016/17 reflecting an increase of 3% on 2015/16 base budgets. A 3% increase on this base budget would equate to a target increase of £5,100 for recurring 2016/17 budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ELECTORAL REGISTERS

- 3.1 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.

- 3.2 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.

4. MINUTE BOOKS, ROOM BOOKINGS, ACCESS TO INFORMATION REQUESTS

- 4.1 The charge for hire of a room in the Civic Centre is currently £103.80 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £106.92 is recommended from 1 April 2016. Based on the level of income achieved in previous years the level of income which had been expected to be generated in 2015/16 was £3,500, however, it is not anticipated that this income target will be achieved because the number of room bookings has fallen. It is believed that this is because the County Council 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.
- 4.2 The charge levied for the sale of Council Minute Books is £20.42 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3% to £21.00 from 1 April 2016. The annual income from the sale of Council Minutes is currently negligible.
- 4.3 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.

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.

The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2nd class mail at the prevailing rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2016/17

5. LOCAL LAND SEARCHES

5.1 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 Guidance on the setting of the **LLC1** element of the fees has been published by DCA ("the Guidance") and should be read in conjunction with the 1975 Act and the Local Authorities (England) (Charges for Property Searches) Regulations 2008 ("the 2008 Regulations").

5.3 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.

5.4 The Guidance recommends that registering authorities start the process of specifying fees for local land charges services by identifying the local land charges services they provide and calculating the cost of those services so that they can calculate a unit cost for those services. The costs will include the direct costs of maintaining the local land charges register, together with indirect costs covering central overheads. In setting this element of the fees, the Council must take one year with another and average out the costs and the guidance suggests a suitable period of over 1 and 3 years to do this averaging.

5.5 **Appendix B** sets out the cost of providing the local land charges service.

5.6 The Guidance also suggests that the charges for searches should be calculated having regard to the anticipated demand for the service.

5.7 **Appendix C** sets out the number of searches carried per month since 2011. It is difficult to foresee the number of searches that will be submitted in the next year as this depends entirely on the strength of the housing market. Therefore, for the purposes of setting these charges it is assumed that performance will remain constant.

5.8 Anticipated demand based on current performance is set out in the table below, which indicates the number of Standard Searches (which include both a CON 29 and a LLC1) and LLC1s only.

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	91.4%	1,089 (around 12% electronic)
LLC1 only	3.6%	103 (around 30% electronic)
Total	100%	1,192

5.9 Members will note that personal searches are **not included** in the above table bearing in mind that no fee may now be charged, however, personal searches continue to be carried out, at an increasing rate and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies. Personal search companies are able to charge their customers a vastly lower fee than the Council because they are able to access Council records free of charge without the overheads and other expenditure that the Council has. While there remain benefits to obtaining an official local authority search, such as accuracy and completeness, the difference in cost is undoubtedly affecting competitiveness, particularly in straightened economic times.

5.10 The cost of a standard search is presently £131.00, which is based on the standard Local Land Charges Search Fee (the LLC1 element) of £22 together with the fee for the Standard Enquiries (the CON29R element) of £109.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

5.11 Predicted income for 2015/16 was £169,200. Actual income is forecasted to be approximately £136,000. It is clear, therefore, that there will be a shortfall on the predicted income of approximately £33,200. Income has in fact steadily fallen over recent years and it is believed that this is predominantly due to the competition from personal search companies.

5.12 The decline in land charges income is of great concern. The authority has adopted a policy of increasing charges annually, however, in an attempt to maintain income levels consideration has previously been given to *reducing* charges. It was felt that this would increase competitiveness, although would further reduce income in the short term. Members may be aware, however, that the Land Registry is in the process of taking over

part of the land charges register (LLC1) and in view of the limited time remaining a decision has been made not to reduce charges.

- 5.13 Further information is now available regarding the Land Registry takeover and it would seem that this will have a phased approach and Carlisle City Council will lose that part of the land charges service at some point between April 2020 and mid-2023. At this stage there is no information as to how the phasing will operate and where in the plan Carlisle sits.
- 5.14 Because the Council will continue to operate the land charges service for at least four more years it is therefore recommended that the Council sets its fees for 2016/17 having regard to the cost of operating the service and to the Corporate Charging Policy and also with a view to increasing competitiveness in the market.
- 5.15 The proposed fees for 2016/17, therefore, will be (including the 10% discount for those searches submitted on line):

Con 29R	LLC1	Total
£90 (Standard Enquiry for one parcel of land.)	£22 (whole register)	£112
£81.00 (NLIS 10% on-line discount)	(£19.80 NLIS)	(Standard Enquiry + LLC1)
£17.00 each extra parcel of land.	£3.85 (one part of register)	(£108.00 NLIS)
	(£3.40 NLIS)	

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

	CON29R £	LLC1 £	Combined £
Allerdale	80	10	90
Barrow	58	41	99
Copeland	85	30	105 *
Eden	65	25	90
SLDC	65	25	89 *

* The combined price charged offers a discount to applicants

Members will note that Carlisle will remain the highest charging of the Cumbrian Districts.

- 5.17 The estimated income from the Land Charges service for 2016/17 is forecast to be approx £140,000

- 5.18 The target income in 2015/16 was £169,200. 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 2016/17 of £174,300. The above forecast falls short of this figure by £34,300.
- 5.19 The actual amount of net income, however, will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries. The housing market seems to be recovering, and search numbers are increasing, but personal search companies appear to be garnering an ever greater share of the market. Members should also be aware there is a proposal for HM Land Registry to take over the land charges function, although very little detail has so far been provided.
- 5.20 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at **Appendix D**.
- 5.21 The proposed charges are set out at **Appendix A**

6. HEALTH AND SAFETY

- 6.1 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 was set at £350 for one three hour session (per group of 12) plus expenses if outside Carlisle District.
- 6.2 Such training is provided where requested and it is proposed to increase the charge for 2016/17 to £374.20 plus VAT for one three hour session (per group of 12) plus expenses if outside Carlisle District.

7. SUMMARY OF INCOME GENERATED

- 7.1 The introduction of the charges proposed is forecast to generate income of £141,500 in 2016/17 which is summarised in the following tables:

Governance Service Area	Original Estimate 2015/16 £	MTFP Target 2016/17 £	Original Estimate 2016/17 £	Shortfall or (Excess) over MTFP £
Electoral Registers (para 3)	1,500	1,500	1,500	0
Room Lettings/Minute Book (para 4)	3,500	3,600	0	3,600
Land Charges	169,200	174,300	140,000	34,300
Total	174,200	179,400	141,500	37,900

8. CONSULTATION

8.1 Consultation to Date -

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

9. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as detailed within the report and set out in **Appendix A** with effect from 1 April 2016 noting the impact these will have on income generation as detailed within the report.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Clare Liddle **Ext:** 7305/7280

Appendices attached to report:

- Appendix A – Governance Charges**
- Appendix B – Land Charges Costs**
- Appendix C – Land Charges Data**
- Appendix D – Land Charges Budget History**
- Appendix E – Corporate Charging Policy**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive's –

Economic Development –

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

Local Environment –

Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £141,500 against the MTFP target of £179,400. This represents a shortfall of £37,900 against the MTFP target.

Executive will be asked in the report RD40/15 considered elsewhere on this agenda to decide on whether a deminimis level is to be set for budget pressures. This will mean that any pressures below the deminimis (including shortfalls in income) are not included within the budget process and any pressures below this level would need to be accommodated within existing budgets.

APPENDIX A

GOVERNANCE

	<u>Actual</u> <u>Charges</u> <u>2015/16</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2016/17</u> <u>£</u>
1. Land Charges – Search Fees (VAT Outside the Scope/ Non Business)		
Registration of a charge in Part II of the Register	60.00	60.00
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	2.10
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	6.30
Inspection of documents filed under Rule 10 in respect of Land	2.10	2.10
Personal search in the whole or in part of the register and in addition, In respect of each parcel of land above one, where under Rule 11(3) the search extends to more than one parcel, subject to a maximum of £13.00	22.00 1.00	22.00 1.00
Official Search (incl. Issue of official certificate of search):-		
a) in any one part of the register (10% on-line discount = £3.40)	3.85	3.85
b) in the whole of the register (10% on-line discount = £19.80)	22.00	22.00
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	0.80	0.80
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to		

these rules)	1.40	1.40
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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

a) One parcel of land	109.00	90.00
One parcel of land (Level 2/3) (10% discount)	98.10	81.00
b) Several parcels of land		
- First parcel	109.00	90.00
- Each addition	17.00	17.00

(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 Number 22 on the Con29O form (registered common land or town and village green).	20.00	20.00
Each additional enquiry	10.50	10.50

Fees for additional information are not statutory but are based on charges agreed between the Law Society and the Local Authority Associations taking into consideration any additional expenses incurred by the Council in providing the service.

2. Civic Centre (VAT Exempt)

Room Letting - per session	103.80	106.92
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3. Council Minutes (VAT Standard Rate)

- Per Booklet	20.42	21.00
4. Access to Information Requests		
° per black and white sheet	0.02	0.02
• per colour sheet	0.05	0.05
□ plus second class postage costs at the prevailing rate		
5. Electoral Registers (VAT - Outside/Scope)		
In Printed Form*	10.00	10.00
Plus per 1,000 entries *	5.00	5.00
Binding of Register	3.65	3.65
In Computer Data Form*	20.00	20.00
Plus per 1,000 entries *	1.50	1.50
Full Printed Register* (limited statutory availability)	410.00	410.00
Full Data Copy* (limited statutory availability)	127.50	127.50
Edited Printed Register* (60,000 entries)	310.00	310.00
Edited Data Copy* (60,000 entries)	110.00	110.00
*These charges are set by Regulation		
6. Health and Safety		
Training Sessions per three hour session (per group of 12 max)	363.80	374.20
Travel Expenses if outside Carlisle District	+	+
+ travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc		

APPENDIX B

	Actual 2013/14	Budget 2013/14	Actual 2014/15	Budget 2014/15	Budget 2015/16	MTFP Budget 2016/17
Employee Related	24,839	24,300	16,255	13,100	11,600	11,700
Premised Related	0	0	0	0	200	200
Transport Related	139	0	0	0	0	0
Supplies & Services	32,215	38,000	31,435	38,000	38,100	38,100
Recharges	26,855	26,900	24,806	24,800	25,200	25,200*
Total Expenditure	84,048	89,200	72,496	75,900	75,100	75,200
Income	(169,558)	(165,700)	(161,041)	(172,000)	(169,200)	(174,300)
Total Income	(169,558)	(165,700)	(161,041)	(172,000)	(169,200)	(174,300)
Net Position	(85,510)	(76,500)	(88,545)	(96,100)	(94,100)	(99,100)

*2016/17 MTFP budget for recharges is based on the 2015/16 recharge level.

APPENDIX C

	2011/12			2012/13			2013/14			2014/15			2015/16		
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	80	5	0 ²	93	4	0 ²	74	2	0 ²	114	3	0 ²	85	8	0 ²
May	93	2	0 ²	108	1	0 ²	118	3	0 ²	95	4	0 ²	55	3	0 ²
June	116	3	0 ²	87	1	0 ²	75	4	0 ²	85	6	0 ²	121	4	0 ²
July	100	2	0 ²	99	4	0 ²	131	1	0 ²	109	29	0 ²	77	8	0 ²
August	86	0	0 ²	108	3	0 ²	85	5	0 ²	86	5	0 ²	79	5	0 ²
September	91	2	0 ²	82	1	0 ²	82	4	0 ²	85	12	0 ²	74	4	0 ²
October	83	0	0 ²	95	4	0 ²	132	1	0 ²	91	4	0 ²			
November	74	1	0 ²	93	1	0 ²	91	4	0 ²	79	8	0 ²			
December	76	0	0 ²	52	2	0 ²	69	2	0 ²	79	2	0 ²			
January	94	0	0 ²	76	6	0 ²	100	5	0 ²	88	7	0 ²			
February	107	2	0 ²	84	2	0 ²	92	7	0 ²	71	21	0 ²			
March	94	2	0 ²	96	2	0 ²	116	4	0 ²	107	2	0 ²			
Total	1094	19	0 ²	1073	31	0 ²	1165	42	0 ²	1089	103	0 ²	491 ¹	32 ¹	0 ¹

¹ FIGURES SHOWN ARE UP TO SEPTEMBER 2015

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

APPENDIX D

Period	Net Income	Original Budget
2012/13*	£156,026	£150,000
2013/14**	£169,557	£165,700
2014/15	£161,041	£172,000
2015/16	£136,000 est.(£69,534 to date)	£169,200 (£84,636 to date)

* The base budget for 2012/13 was increased by a recurring £33,000 as part of the 2012/13 budget process. Net Income figure for 2012/13 is based on 6mths actual and 6mths estimated.

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

APPENDIX E

CORPORATE CHARGING POLICY 2016/17 TO 2020/21

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

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

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

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

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

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

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

- Persons over the age of 65

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(iii)

Meeting Date: 16th November 2015
 Portfolio: Environment and Transport
 Key Decision: Yes: Recorded in the Notice Ref:KD33/15
 Within Policy and Budget Framework YES
 Public / Private Public

Title: REVIEW OF CHARGES 2016/2017
 Report of: The Director of Local Environment
 Report Number: LE 30/15

Purpose / Summary:

This report sets out the proposed fees and charges for 2016/17 relating to those services falling within the Local Environment Directorate.

Recommendations:

The Executive is asked to agree the charges as set out in the body of this report and relevant appendices with effect from 1st April 2016 noting the impact these will have on income generation as detailed within the report.

The Executive are asked to delegate to the Director of Local Environment in consultation with the Portfolio Holder and Director of Resources the agreement of discounts on the permit process within agreed limitations.

Tracking

Executive:	16 November 2015, 14 December 2015
Overview and Scrutiny:	ROSP 1/12/15; EEOSP 26/11/15; COSP 19/11/15
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 Local Environment Directorate and covers City Centre usage by external organisations, Car Parking, Allotments, Sports Pitches, Bereavement Services, Environmental Quality, Food Safety, Waste Services and MOT charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.
- 1.4 Attached at Appendix D are extracts from the summary of charges book, which show the current and proposed level of charge for those services.

2. CORPORATE CHARGING POLICY 2016/17 TO 2020/21

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 24th August 2015 and Full Council on 8th September 2015 and sets out the City Council's policy for reviewing charges. The principal objectives of setting the charges are:-
 - Recovering the cost of service provision
 - Generate surplus income (where permitted)
 - Maintain existing service provision
 - Fund service improvements or introduction of new services(s)
 - Manage demand for service(s)
 - Promote access to services for low-income households
 - Promote equity or fairness
 - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy which is set out in full in Appendix D.

3. CITY ENGINEERS

3.1 CITY CENTRE EVENTS CHARGES

- 3.1.1 The City Council exercises its powers, set out in Section 115 of the Highways Act 1980, to charge reasonable expenses for events and activities undertaken in the pedestrianised area and other relevant parts of the City Centre. The income generated is partly used to contribute to the cost of managing the City Centre and the events arranged there
- 3.1.2 In 2015/16 the charges were changed to reflect events and promotions of different sizes by having a charge of £60.00 per day for each individual item placed in the area. This has proved successful however it requires clarification to avoid confusion. The charge should be amended to read £60 per pitch per day for each pitch having a maximum size of 3m x 3m or 9m² as appropriate. An item which is larger than 9m² would be charged pro-rata based on the number of pitches it occupies.
- 3.1.3 Demand has been maintained from organisations wishing to hold events and promotions in the City Centre indicating that the £60 pitch charge is set at the right level. As seen in 2014/15, higher charges were not successful in increasing income as there is reluctance from users to pay anything over a maximum of about £240. Members were advised that this was likely to be the case based on advice from promotional companies. Organisers are simply reducing the size of their event to remain within the budget available to them.
- 3.1.4 The Policy and Communications team charge for marketing banner space on the bandstand up to a maximum of three banners at any one time. Staff resources are required to erect and inspect the banner to ensure it is secure and does not fall into a state of disrepair during the duration of the event. The function is performed at the moment for no charge and this is a drain on resources. It is proposed to introduce a charge for the City Centre Management Team installing and inspecting banners at £50 per banner. If the marketing fee is waived, this charge will still be levied as it recovers the actual cost of service provision.
- 3.1.5 The £55 per day charge for small rides for children has not been increased for a number of years. It is proposed set the charge at £65 to reflect the increased number of inspections due to the frequency of bookings for the smaller rides.
- 3.1.6 The charge for the Farmers Market stalls will be increased by 3.3% to £15.50 per day.
- 3.1.7 It is proposed to introduce a charge of £1,000 per day for large events that occupy all available space in the City Centre.

- 3.1.8 Management of the Face 2 Face Charity Fundraising has recently been taken over from Licensing. Level of demand is increasing with charities asking to bring more people on a greater number of days. Frequent complaints are generated by this activity. It is proposed to introduce a new charge of £10 per day per person to manage and monitor these groups, ensuring that they abide by the guidelines as set out in the standard note from the Home Affairs Section. The charge is designed to limit demand and recover cost of service provision. The Comprehensive Equality Scheme references the Equality Act. Applying a charge to manage and monitor these groups does not contravene this policy.
- 3.1.9 The administration fee for Pavement Cafés has been increased by 3% in line with the Medium Term Financial Plan (MTFP) to reflect the additional staff costs and resources required to monitor the operation of these activities.
- 3.1.10 CCTV function has moved to City Engineers from Environmental Health. It is proposed to increase charges for this function as shown in Table 1

- 3.2 The proposed charging structure is set out in Table 1 below. It is anticipated that these charges will meet the MTFP budget target.

TABLE 1

Event Type	Current Charges 2015/16	Proposed Charges 2016/17
Charities, education and public information events	No charge	No charge
Large Commercial Markets	£1,000 per day	£1,000 per day
Farmers Markets (e.g. Local Traders)	£15 per stall per day	£15.50 per stall per day
Large Children's Ride	£85 per ride per day	£85 per ride per day
Small Children's Ride	£55 per ride per day	£65 per ride per day
Commercial Promotions	Daily charge per item One item £60 Two Items £120 Three Items £180 Four items £240	Daily charge per 3m x 3m or 9m ² pitch One pitch £60 Two pitches £120 Three pitches £180 Four pitches £240
Face 2 Face Charity Fundraising promotions (chuggers)	n/a	£10 per person per day
Large Events	-	£1000 per day
Pavement Cafés - County Council administration fee, payable when licence granted - City Council administration fee, payable annually to cover - Up to 2 tables and 4 chairs - Each additional table and 2 chairs - Legal fee for preparation of licence	 £20 £110 £30 £210	 £20 £120 £35 TBC
CCTV Subject Access Request	£10.00	£10.50
CCTV other requests (copying cost)	£10.00	£10.50

- 3.3 In respect of the proposed charges the following points should be noted: -
- In respect of the current concessions given, it is proposed that the following types of event and organisations continue to be authorised the use of the City Centre free of charge.
 - Church and other religious events.
 - Street theatre.
 - Community information stands.
 - Registered charities.
 - Political parties.
 - Community Service Organisations (e.g. Police, Fire Service etc)

This achieves wider policy objectives as contained in the Carlisle Plan and promotes equality and diversity.

3.4 CAR PARKING

3.4.1 Introduction

In March 2015 a new pay and display tariff, saver permit charges and charging structure was introduced using data from the car park model supplied by an external consultant. At the same time the transfer of the on street parking enforcement service back to Cumbria County Council drastically reduced the size of the car park team and has led to the off street parking service being delivered in a very concentrated way.

The commercial approach to the management of the car parks, including the revised charging structure and marketing campaign has proven so different that it will require a full years' worth of data from the car parks to enable a complete analysis to determine the impact of the changes. So far the data is showing no improvement in income overall although some areas such as saver permits are showing an increase.

3.4.2 Pay by Phone Usage

Using Pay by Phone to purchase parking spaces was introduced in 2012/13 and usage continues to grow steadily. Comparison of last year and this (Table 2 below) shows that transaction volume continues to increase, albeit at a slower rate than previous but gross income is variable and has reduced in July and August.

TABLE 2

	Transactions			Gross Income		
	2014	2015	% change	2014	2015	% change
April	1010	1274	26.14%	4065.00	4419.70	8.73%
May	1055	1316	24.74%	4368.40	4431.30	1.44%
June	1069	1374	28.53%	4515.90	4750.50	5.19%
July	1251	1420	13.51%	5109.90	4603.30	-9.91%
August	1110	1383	24.59%	4547.10	4354.60	-4.23%

3.4.3 Charging Structure

The changes to charges made in March 2015, based on the car park model have so far resulted in different outcomes to those predicted, indicating that factors other than price are influencing parking behaviour.

The picture is further clouded by habitual payment at old charge rates during April and May.

In order to gather more information on the changes in usage it is considered necessary to have a full year's worth of data for analysis and thus enable us to have a greater understanding of all factors influencing parking choices before any further major changes are introduced.

The long term vision for each car park is to be able to adapt to the changing market and potentially change tariffs to optimise income depending on prevailing market conditions, whilst helping to support the local residents, businesses and visitors to the city.

3.4.4 Pay and Display Charges

Pay and Display charges were set in March 2015 based on the car park model. The lower charges have proven to be reasonably successful in terms of usage levels with the most significant increase in the Lower Viaduct car park and in saver permit sales. However, considering permit uptake and increased usage the income over all the car parks is currently running short of expectations by around 2%. This may be the result of a number of factors some of which this charging proposal is designed to address, but it is recommended that any major changes to charges be considered only after sufficient data is available to properly assess what is happening.

3.4.5 Price, location, accessibility, condition, and oversupply will be used as factors in a strengths, weakness, opportunities and threats analysis to determine what factors can be used to optimise performance in each car park. Where the influencing factors cannot be changed or are outside of the City Council's jurisdiction, such as highway directional signage, then those car parks would be reviewed in the future to examine alternative uses.

- 3.4.6 Car park categories were introduced in 2013 with the addition of a further category in 2014/15. Some car parks have performed significantly better within a category while others have performed badly. The category model has not proved popular with customers and has hampered analysis of individual car park performance and dealing with issues specific to only one car park.
- 3.4.7 It is therefore proposed to remove the existing car park categories and market each car park individually. This will allow greater flexibility when setting future pay & display and saver parking permit charges for an individual car park, without having a negative impact. However, it is not proposed to significantly change fees at this time other than the changes detailed later in this report.
- 3.4.8 It is proposed to add an extra tariff band into Town Dyke Orchard car park, one of the higher performing car parks to make the facility more attractive to customers. Improved customer satisfaction is more likely to result in an increase in occupancy and income
- 3.4.9 It is proposed to introduce a £1 charge for overnight parking in selected car parks. It is anticipated that this charge will cover the increased wear and tear and extra maintenance required for the additional usage over and above the average use of other car parks. The car parks where this charge is proposed are: The Sands, Civic Centre and Town Dyke Orchard. The £1 charge will apply between 6pm and 8.30am the following day.
- 3.4.10 Decategorising the car parks will allow changes in charges to be introduced to address an underperforming car park without having a negative impact on a better performing car park in the same category. Car park performance will be monitored and addressed individually.
- 3.4.11 The points to note are:-

Cecil Street – managed under contract from Cumbria County Council. Immediate plans include the use of the car park for 30 pool vehicles and up to 80 contractor vehicles working on the development of the new County Council building. The number of contractor vehicles will increase by approximately 10 each month and will continue to do so until the development is complete. The increase of contractor vehicles will begin in October 2015 with a completion date expected in September 2016. Cumbria County Council has requested the immediate cessation of permit sales and expect a greatly reduced number of available parking spaces. This will

result in a loss of income to the City Council of approximately £15,000 which will create a budget pressure.

Town Dyke Orchard – On average, this car park accounts for 27% of the overall pay and display income. It is proposed to introduce a new tariff band of 4 to 6 hours priced at £5. The ticket sales for the current tariff bands over the last 6 months (April to September 2015) are as follows:

Up to 1 hour: 19143

1 to 2 hours: 24179

2 to 3 hours: 12754

3 to 4 hours: 14406

All Day: 359

The data clearly shows a significant drop of 97.5% between the 3 to 4 tariff band and the All Day tariff band. Should the introduction of this new tariff band increase overall pay and display income by 1%, this would generate an extra £10,500. It can be achieved with the sale of 2,103 tickets.

This proposed change may lead to increased income and dwelling time in the city centre supporting our local priorities. See Table 3 for current and proposed charges.

TABLE 3

TOWN DYKE ORCHARD TARIFF STRUCTURE		
Tariff Band	2015/16 Charge	Proposed Charge 2016/17
Up to 1 hour	£1.00	£1.00
1 to 2 hours	£1.80	£1.80
2 to 3 hours	£2.50	£2.50
3 to 4 hours	£3.00	£3.00
4 to 6 hours (new band)	n/a	£5.00
4 to 9.5 hours	£10.00	Band to be replaced
6 to 9.5 hours	n/a	£10.00

Upper Viaduct – it is proposed to reduce the tariff to be in line with Cecil Street. The reduction in the all-day parking charge may encourage more usage and provide a suitable alternative for those customers displaced from the Cecil Street car park due to previous reductions in capacity. The proposed charges are set out in table 4 below.

Lower Viaduct – this car park is a success story. The uptake in this car park has increased so dramatically that it could be considered that the reduction last year undervalued the car park.

It was anticipated in 2014 that on street charging would be brought into effect across the whole of Cumbria by Cumbria County Council. To help make this proposal more acceptable to the public Carlisle City Council dropped prices in the largest periphery car parks to encourage long stays and relieve stress for On Street parking. The proposal was withdrawn and there are no immediate plans to revive the initiative. The public have benefitted from the low pay and display and permit prices introduced and the uptake in Lower Viaduct shows significant increase.

It is proposed to increase each tariff band by 10p (average 5%) which could increase Lower Viaduct Car Park annual income by £6,500. A smaller increase is less likely to have a negative impact on customer perception and behaviour compared to a sudden and large increase. The proposed charges are set out in Table 4 below

TABLE 4

VIADUCT CAR PARKS TARIFF STRUCTURE				
Tariff Band	Upper Viaduct		Lower Viaduct	
	Existing 2015/16 Charge	Proposed Charge 2016/17	Existing 2015/16 Charge	Proposed Charge 2016/17
Up to 1 hour	£1.00	£1.00	£1.00	£1.00
1 to 2 hours	£1.80	£1.80	£1.60	£1.70
2 to 3 hours	£2.20	£2.20	£2.10	£2.20
3 to 4 hours	£2.80	£2.60	£2.50	£2.60
4 to 6 hours	£3.40	£3.00	£2.50	£2.60
6 to 9.5 hours	£4.00	£3.50	£2.50	£2.60

3.4.12 Graphs to illustrate performance of Town Dyke Orchard, Upper and Lower Viaduct car parks are attached at Appendix A

3.4.13 Since 2011 Blue Badge Holders have been allowed to park free for three hours in any bay before they have to pay for a further period of parking. Designated Blue Badge Bays are currently marked in seven of the 11 pay and display car parks, including three of the four most central. Table 5 shows the number of disabled bays available in each car park.

Table 5 Availability of Disabled Parking Spaces

Car Park	No of Disabled Bays	On Street Disabled Parking Provision
Bitts Park	3	25 designated spaces throughout city centre Unlimited parking in disc zones Up to 3 hours on double yellow lines
Cecil Street (County Council)	1	
Civic Centre	4	
Devonshire Walk	6	
Lower Viaduct	0	
Paddy's Market	0	
The Sands	13	
Swifts Bank	0	
Town Dyke	3	
Upper Viaduct	1	
Marks & Spencer	2	
Total No of Disabled Bays	33	Unlimited

3.4.14 There is no provision in the Department for Transport's Blue Badge Scheme that stipulates that free disabled parking provision must be provided within local authority car parks. South Lakeland District Council for example requires all Blue Badges holders in their car parks to purchase a minimum tariff but give one extra hour's parking free on top of the paid parking period. Newcastle City Council operates a similar scheme in all their city centre car parks. The extra hour supports those Blue Badge holders who may need longer to complete their shopping or other business due to their disability. Neither of these Authorities has the ready availability of free on-street parking as seen in Carlisle particularly in the disc zones.

3.4.15 On-street parking provision for Blue Badge holders in the City Centre comprises 25 designated disabled parking bays spread between Fisher Street, Paternoster Row, St. Mary's Gate, Castle Street and West Walls. Blue Badge holders can also park for unlimited periods in any disc zone, and for up to 3 hours on double yellow lines.

3.4.16 It is proposed to limit the free three hour parking to designated blue badge bays only to promote fairness to all car park users whilst still considering the needs of Blue Badge holders.

3.4.17 To enable the car park manager to be more responsive to customer needs and the changing market it is proposed that the Director of Local Environment in consultation with the Portfolio Holder and Director of Resources be granted delegated authority to agree discounts on permit prices within agreed limitations. This will allow greater flexibility to react to market pressures and address underperformance issues more immediately, maximising income from these valuable assets.

3.5 Saver Parking Permits

The Saver Parking Permit Scheme was introduced to replace the Contract Parking Permit Scheme in 2012. A new charging scheme was introduced in 2015 and despite the marketing and promotion, uptake has not been as successful as expected, although income is higher than last year.

The Permit application process has been automated online and permit payments are managed by our service provider to make the process easier for customers.

Uptake has increased significantly in only one of the category 5 car parks (Lower Viaduct).

Direct comparison between permit sales for 2014/15 and 2015/16 is not possible due to the complete redesign of the permit structure. However, permit sales for April to August 2015 are showing higher levels of income than last year. There is however considered to be scope to attract new customers for saver permits.

Despite overall price reductions, the inability to offer discounts for bulk buy (10 or more permits purchased at once) and 10% discount for annual payment up front has resulted in the loss of potential custom from commercial users bulk buying and reluctance from existing customers to renew upon expiry of their current permits.

3.5.1 Customer perception is that permits and price are spread over seven days, when the actuality is that the price is for working days with weekends as a free addition.

Customer would prefer the transparency of a five day permit with ability to purchase weekend days if required.

3.5.2 It was originally considered that an added incentive to buy the permit was to provide free weekend parking. This has not been attractive to customers; especially bulk purchase by employers as free weekends is seen as a benefit in kind to their employees. It is proposed that permits are valid for working days only.

3.5.3 It is further proposed that the addition of weekend parking to any Monday-Friday permit at a reduced rate is to be negotiated individually upon application.

- 3.5.4 Pro rata charging is proposed to allow purchase of weekday parking for less than five days per week, e.g. two day permits for specified week days. This will increase attractiveness of the product for part-time workers. The charge will be set at number of days x daily charge shown in Table 6.
- 3.5.5 A weekend only permit is also proposed at twice the daily charge shown in Table 6.
- 3.5.6 **Town Dyke Orchard** - there has been no take up of permits for with the annual charge of £2600. In order to maximise occupation Monday to Friday and improve permit uptake, it is further proposed that the Saver Permit charge for Town Dyke Orchard car park be reduced to be comparable with similar private edge of City Centre car parks and also with permits at the Railway station. It is therefore proposed that a charge of £900 be introduced at Town Dyke Orchard, with an equivalent charge of £2.47 per day.
- 3.5.7 **Lower Viaduct** – as in 3.4.11 above, there has been a huge increase in saver permits and pay and display. Initial indications show Lower Viaduct car park may have been undervalued. As a result, the current price for an annual saver parking permit is too low. It is therefore proposed to increase the ‘annual’ cost of a saver parking permit only for Lower Viaduct car park only as shown in table 6.

In order to optimise income in this car park it is proposed to increase the charges enough to increase income but not to lose the customers. This will In effect test the market without overpricing the asset.

- 3.5.8 **Upper Viaduct** - there has been little change to the permit or pay and display situation. It is therefore proposed to lower the charges for this car park in line with Cecil Street with the expectation that those customers who can no longer use Cecil Street could move to Upper Viaduct.
- 3.5.9 **Swifts Bank** – Monday to Friday this is a staff car park for Council employees only. It is proposed to promote this car park as a weekend regular shopper and retail staff car park by introducing a weekend only saver parking permit.

A weekend saver parking permit is a new concept and an affordable product for regular weekend car park users, it will be aimed at a different client base compared to any we have previously. It also utilises what is historically an under used weekend car park. See table 6 for proposed annual and monthly charges.

TABLE 6

Car Park	2015/16 charges Permits valid Monday- Friday		2016/17 charges Permits valid work days (5 out of 7)		2016/17 charges (Equivalent daily charge £)
	Annual	Monthly	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products
Civic Centre	£2,600	£210	£2,600	£227	£10
Town Dyke Orchard	£2,600	£210	£900	£86	£3.45
Bitts Park	£650	£63	£650	£63	£2.50
Lowther St	£650	£63	£650	£63	£2.50
Paddy's Market	£520	£50	£520	£50	£2.00
The Sands	£520	£50	£520	£50	£2.00
Swifts Bank (subject to availability for public use)	£520	£50	£120	£12	£1.15
Upper Viaduct	£520	£50	£455	£44	£1.75
Cecil Street	£455	£44	£455	£44	£1.75
Lower Viaduct	£217	£26	£250	£26	£0.96
Devonshire Walk	£217	£26	£225	£24	£0.87

3.5.10 Car Park charges for Special Events

There is no proposed change to the special event rates, which will remain at the levels shown in the table below

TABLE 6a Car Park charges for Special Events

Car Park	Special Events Charge
Civic Centre	£10.00
Town Dyke Orchard	£10.00
Bitts Park	£5.00
Lowther Street	£5.00
Paddy's Market	£4.00
The Sands	£4.00
Swifts Bank	£4.00
Upper Viaduct	£4.00
Cecil Street	£3.50
Devonshire Walk	£3.00
Lower Viaduct	£3.00
1) The above charge is the daily charge for each marked bay occupied. 2) A Minimum administration charge of £100 will be applied to each application. Additional administrative costs of £35/hour will be charged for the time spent over 3 hours	

3.5.11 A further report to Executive will consider car park traders and potential to charge at some of the Council's free car parks.

4. NEIGHBOURHOODS AND GREEN SPACES

4.1 ALLOTMENTS

- 4.1.1 The Allotments Act 1908 placed an obligation on Local Authorities to provide allotments and this remains a statutory duty today together with the responsibility for managing them.
- 4.1.2 Taking all factors into account, it is proposed that current charges are increased as shown in Table 7 below to achieve the 3.0% increase in income in line with current MTFP expectation:

TABLE 7 – EXISTING 2015/16 AND PROPOSED 2016/17 ALLOTMENT CHARGES

Type of Charge	Existing Charge 2015/16	Proposed Charge 2016/17
Rental	25p per square metre	25p per square metre
Water Supply	£11.00 for the year	£11.35 for the year

- 4.1.3 Individuals over 60 currently receive a 50% discount on the allotment rental but not the water supply charge. Approximately 40% of existing holders fall into this category. It is proposed to increase the qualifying age from 60 to 65 years in line with State Pension age.
- 4.1.4 Charging is based on plot size and it is possible to rent a plot of a size commensurate to both individual requirements and income. In view of this and to promote equity and fairness in accessibility to allotments for all age groups, it is proposed to remove the age related discount.
- 4.1.5 There are two alternative options which would see the discount removed altogether:

Option 1 – immediate removal of the discount, generating approximately £4500 increase in income for 2016/17

Option 2 – phase in the removal by reducing the discount for those over 60 from 50% to 25% in 2016/17, achieving an increase in income of approximately £2250. Then remove the discount completely in 2017/18, to realise the remainder of the increased income.

4.1.6 There is a further 10% discount to those tenants associations' who collect rents on behalf of the City Council. In return for this discount the Committee members carry out tasks including the administration of lettings and rent collection thus saving an administrative burden on Council officers. Several allotment sites are now run by associations of plot-holders and set their own rental charges which may differ from those sites directly managed by the City Council.

4.2 USE OF PARKS AND GREEN SPACES

4.2.1 Charging for the use of parks and green spaces was introduced for 2012/13 as per Table 8, with a category for low key commercial use introduced in 2013/14. It is proposed that the charges are increased as shown in Table 8 in line with the requirement to achieve an overall increase in income of 3.0% in line with the MTFP.

TABLE 8 – PROPOSED CHARGING LEVELS FOR THE USE OF PARKS

TYPE OF ACTIVITY/EVENT	2015/16 Charge		Proposed Charge 2016/17	
	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT
‘Low key’ commercial use – <ul style="list-style-type: none"> Caterers selling hot and cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.) Fun Fairs 	£60 per day Sliding Scale (see 4.2.4)	N/A	£62 per day Sliding Scale (see 4.2.4)	N/A
City Council organised events – to be recharged to the Directorate leading the event.	Re-instatement/ cleaning at cost	N/A	Re-instatement/ cleaning at cost	N/A
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£220 plus re-instatement cost	£220/ per day plus re-instatement cost	£227 plus re-instatement cost	£227/ per day plus re-instatement cost
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,080 plus re-instatement costs	£1,080 per customer/per day plus re-instatement costs	£1,112 plus re-instatement costs	£1,112 per customer/per day plus re-instatement costs
Fully Commercial Events – takings from sale of consumables (additional charge)	n/a	n/a	£50 per catering unit	£50 per catering unit

NB The above charges are subject to VAT where applicable.

4.2.2 A sliding scale of charges is recommended for fun fairs as follows:

2015/16 Charges

- 1-10 rides/stalls £315 plus VAT per open day
- 11-15 rides/stalls £430 plus VAT per open day
- 16-20 rides/stalls £550 plus VAT per open day
- Over 20 rides/stalls by negotiation.

Proposed 2016/17 Charges

- 1-10 rides/stalls £324 plus VAT per open day
- 11-15 rides/stalls £443 plus VAT per open day
- 16-20 rides/stalls £567 plus VAT per open day
- Over 20 rides/stalls by negotiation.

4.2.3 In 2015/16 a charge was introduced for the days a fun fair is being built/de-rigging. This encourages the return of the park to normal usage as quickly as possible. This is in line with other Authorities such as Haringey, Brighton and Hove, Perth and Kinross and others who charge fees ranging from a percentage of operational day cost to full operational day cost

4.2.4 The charge was introduced at a daily rate equal to 25% of the operational rate.

4.2.5 In order that event organisers are not deterred from holding their event on Carlisle City Council land, it is proposed that the charge is uplifted by 3.0% in line with the MTFP.

Building/De-rigging Charges for 2015/16

- 1-10 rides/stalls £79.00 plus VAT per day
- 11-15 rides/stalls £108.00 plus VAT per day
- 16-20 rides/stalls £138.00 plus VAT per day
- Over 20 rides/stalls by negotiation.

Proposed Building/De-rigging Charges for 2016/17

- 1-10 rides/stalls £81.00 plus VAT per day
- 11-15 rides/stalls £111.00 plus VAT per day
- 16-20 rides/stalls £142.00 plus VAT per day
- Over 20 rides/stalls by negotiation.

4.2.6 MEMORIALISATION IN GREEN SPACES

The Green Spaces team receives frequent requests for memorials in parks, particularly for benches. At present there are no set fees with each considered individually. It is intended therefore to bring these in line with the Bereavement Services memorialisation fees.

Park Bench* with plaque - £1133 including 5 years maintenance.

*The particular design of the bench would be specific and appropriate to the open space it was in

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

4.3 SPORTS PITCHES

- 4.3.1 The proposed increases in charges for football and rugby pitches which are substantially in accordance with the MTFP target are shown in Table 9 below

TABLE 9: Existing 2015/16 and proposed 2016/17 charges for pitches - with inflationary uplift only

TYPE OF USE	Existing Charge 2015/16	Proposed Charge 2016/17
Senior Clubs/match	£60.00	£62.00
Junior Clubs/match	£30.00	£31.00
<u>Pitch and Accommodation/Season*</u>		
Senior Clubs	£560.00	£580.00
Junior Clubs	£175.00	£175.00
*Includes use of showers, changing facilities and training room if available		
<u>Pitch Only/Season</u>		
Senior Clubs	£215.00	£221.00
Junior Clubs	£65.00	£67.00

- 4.3.2 A “dirty pitch penalty” system was introduced in 2015/16, and implemented where litter is left following matches. Litter includes (but not limited to) plastic bottles, cans, sock tape and plastic bags.

4.3.3 For a first infringement, a yellow card will be given, to warn that if pitch/facilities are left in a dirty state again a red card will be given along with a penalty equivalent to the cost of one match as shown in Table 9a below. The red card is to be awarded for any subsequent infringement within the same football season.

4.3.4 For 2016/17 it is proposed to bring the penalty in line with the amount charged for a Fixed Penalty Notice for littering, i.e. £80. No distinction should be made between the age of players as it is the club's responsibility to ensure that any litter is picked up.

TABLE 9a Dirty Pitch Penalty Charge

TYPE OF USE	Penalty 2015/16	Proposed Penalty 2016/17
Senior Clubs/match	£62.00	£80.00
Junior Clubs/match	£31.00	£80.00

4.4 PLAY AREA INSPECTION FEE

4.4.1 The fee for administering the accredited (RPii) play area inspections, which includes providing Parish Council's with a report is confirmed at 15%.

4.5 TALKIN TARN CAR PARK/OTHER CHARGES

4.5.1 In 2013/14 a new charging structure was implemented for Talkin Tarn which has increased income. In order to maintain performance and avoid deterring visitors to the Tarn it is proposed that there is no change to the £1 charge for parking for up to one hour, but stays over 1 hour or for larger vehicles should be increased by 10% as shown in Table 10 below.

4.5.2 No change is proposed for the Talkin Tarn Membership which should remain at £52.00 per year.

TABLE 10 – TALKIN TARN CAR PARK CHARGING PROPOSALS FOR THE FINANCIAL YEAR 2016/17

Service	2015/16 Charge	2016/17 Proposed Charge
Up to 1 Hour	£1.00	£1.00
Over 1 Hour	£2.00	£2.20
Minibuses (up to 12 hours)	£4.00	£4.40
Coaches (up to 12 hours)	£5.00	£5.50
Talkin Tarn Membership	£52.00 per annum	£52.00 per annum

4.5.3 The Business Plan for Talkin Tarn seeks to generate income wherever it is feasible and safe to do so. Other charges currently applied at Talkin Tarn are outlined in Table 11. Charges have been increased in line with the MTFP requirement other than for fishing permits and swimming registration.

TABLE 11 – TALKIN TARN CURRENT AND FUTURE PROPOSED CHARGE LEVELS FOR OTHER INCOME

ACTIVITY/FACILITY	CURRENT CHARGE 2015/16	PROPOSED CHARGE 2016/17
Education Cabin Hire	£32/half day	£33/half day
	£60/full day	£62/full day
	£7.00/hr, min. charge 2 hrs	£7.50/hr, min. charge 2 hrs
Alex Boathouse Hire	15% of any takings	15% of any takings
Water Sports Day Permit	£7.00	£7.50
Annual Water Sport Permit	£335 (For Groups)	£345 (For Groups)
	£115 (For Individuals)	£118.50 (For Individuals)
Fishing Permit	£2.75 adult per day	£3.00 adult per day
	£1.75 child per day	£2.00 child per day
	£30 Annual Permit	£31 Annual Permit
Annual Registration Fee for Swimming	£10.00 per adult	£10.50 per adult

5. BEREAVEMENT SERVICES

- 5.1 In order to achieve the 3.0% increase in income in line with current MTFP expectation, it is proposed that the charges be increased to the figures set out in Appendix C.
- 5.2 Last year's increase in fees has had the anticipated effect of normalising income against predicted expectations. With the anomalies in previous years now addressed, the increase in charges should be consistent with MTFP.
- 5.3 In 2015/16 Statutory Declaration/Transfer of grave rights was charged at £37.50. It is proposed to increase this to £50.00 in line with national fees.
- 5.4 A charge of £80.00 per annum is made for maintenance of memorial seats (from 5 years after purchase). To recover actual maintenance costs it is proposed to increase this to £100.00 per annum from 1st April 2016.
- 5.5 Ancestry searches have led to increasing numbers of visitors from outside the area requesting the location of graves to be identified on-site. This can take up to an hour of officer time in locating and marking the relevant grave. In order to recover costs it is proposed to introduce a charge of £35.00 for this service.
- 5.6 All of our Chapels have a standard charge of £124.00 for a 40 minute service. Because cremations always have a service in the Crematorium chapel, this is included within the existing cremation fee.
- 5.7 Use of the chapel organ conveys a maintenance requirement for the asset. It is proposed to levy a charge of £20.00 for use of the organ during services to cover actual costs.
- 5.8 The charge for Erection of Memorials to cover multiple grave spaces have been amended to exact multiples of the cost to erect a memorial on a single space to remove previous anomalies and ensure a consistent charging regime
- 5.9 A standard cremation fee covers a 40 minute service in the crematorium chapel. Currently, funeral directors can book double slots at no extra charge which is placing a burden on service availability and staffing. We propose to introduce a charge to manage demand & recover cost of the service provision, whilst allowing choice at a transparent cost. The charge is set at £124.00 in line with cemetery chapel fees but there will be a 20% discount for pre-booking of double slots, resulting in a charge of £199 for an 80 minute service.

- 5.10 Over-running services at the Crematorium cause inconvenience and distress for mourners at subsequent funerals. It is proposed to introduce a discretionary charge (payable by funeral directors) where this situation occurs, levied at £124 in line with the fee for a single slot in the Chapel.

This charge would only be levied where events are within the control of the Funeral Director. It is designed to ensure services are conducted on time, preventing further distress for mourners and reflect the additional burden on staff where services cannot be delivered as planned.

Other Authorities already impose a charge for late arrivals/over-runs e.g. Wakefield MBC £196, Bradford CC £100, Cheshire East £205

6. ENVIRONMENTAL HEALTH

6.1 GENERAL –. The charges within the Environmental Health function are diverse and in some instances the limits are fixed by legislation. The proposed charges are set out in Appendix B. Most discretionary charges have risen by 3.8 % to deliver both the MTFP target and a small additional increase to recover the Council's true costs in providing the services. Commentary on each area is set out in the following paragraphs

6.2 PEST CONTROL CHARGES

Pest control charges this year are proposed for increase as shown at Appendix B. There is a standard charge of £40.48 (+VAT) for all domestic insect and public health pests. Domestic charges including wasp treatments continue to represent good value when compared to other providers. Senior Citizens continue to receive significant discounts for domestic treatments being £25.95 (+VAT) for a domestic insect and mice treatment. Domestic rat treatments continue to be provided free by the City Council.

6.3 FOOD SAFETY

6.3.1 The cost of a Food Export Certificate has risen to £19.72. These certificates are issued to food manufactures who export to non EU countries and confirm the food production complies with food hygiene and food safety requirements. The certificate cost is kept low as the cost of the EHO time can be added should significant inspection time be required. For most exporters only the certificate is charged for as the Food Safety Team will already understand the exporter and their process.

6.3.2 The now rarely requested certificate of unsaleable food, which is issued where for example freezers breakdown and the food owner would like confirmation for insurance that the food is either unfit or unsaleable, has increased to £32.18.

6.3.3 The Council can also deliver basic food hygiene training for internal and hard to reach groups. The proposed charge for this is £53.98 per person and includes the certification cost to the Chartered Institute of Environmental Health.

- 6.3.4 The Health and Safety Statement of Fact is information requested by persons in order that they may pursue personal injury claims, it is above that provided for free under the Freedom of Information Act and the Environment and Safety Information Act.

6.4 PUBLIC HEALTH AND CLEAN NEIGHBOURHOODS

Central Government determines the range of fines for Fixed Penalty Notices (FPN). The fines issued by the City Council are the same as in 2014/15.

The Anti-social Behaviour, Crime and Policing Act 2014 introduced the options to serve fixed penalty notices for breaches of the Act's Community Protection Notices and Public Spaces Protection Orders. The fixed penalty levels for these new Notices are set at the maximum level of £100 but reduced to £60 if paid within one week of issue.

6.5 MISCELLANEOUS LICENCES

These national licences cover many public health and health and safety at work situations. To ensure equity and consistency between different businesses, and the fact that both breeders and boarding establishments require a similar officer input as pet shops, it has been recommended that the charges for these two types of establishments have been made the same as pet shops.

6.6 PRIVATE WATER SUPPLY SAMPLING

The charges have been amended to reflect the details in schedule 5 of the Private Water Supplies Regulations 2009. Actual charges will vary depending on the supplies risk assessment, not all private water supplies are the same and the type of sampling is determined by the nature of each supply. All monitoring/analysis costs reflect the price charged by the laboratory which the Council seeks to recover. Each visit will also incur a sampling charge. If a risk assessment, or another investigation is carried out, or an authorisation granted, there are additional charges. The routine visit fee has been increased by 3.8%.

6.7 CONTAMINATED LAND and INFORMATION REQUESTS

Charges for the investigation and supply of information relating to land conditions or environmental issues are to increase by 3.8% to £51.90 minimum charge plus £51.90 per hour thereafter.

6.8 STRAY DOGS

For 2015/16 the Council has had to revise its processes for the collection and detention of stray dogs. The charge now includes kennelling, administration costs and the £25.00 statutory fine set by the Environmental Protection (Stray Dogs) Regulations 1992. The kennelling charge is recovered for each day that the dogs are detained, up to the maximum 7 day responsibility placed on the Council.

6.9 GENERAL ADMINISTRATION FEES

The Council will seek to recover reasonable costs for processing work necessary due to noncompliance with Statutory Notices. A £16.61 administration fee will be added to the charges recovered following works in default. Where requests are made to copy information a 13p per A4 sheet copy charge has also been recommended.

6.10 MOBILE HOMES ACT 2013

This new Act requires the City Council to Licence and inspect those caravan sites which provide permanent residential sites and operate all year round.

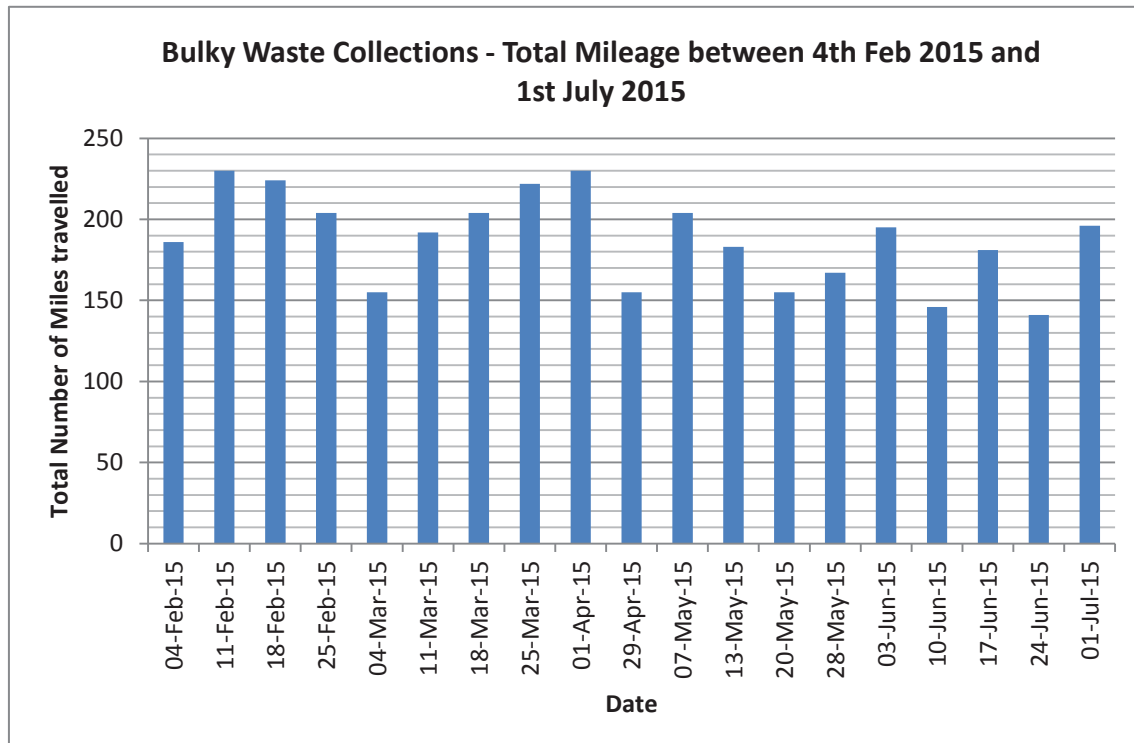
6.11 ENVIRONMENTAL PROTECTION ACT – LAPPC CHARGES

The charges for the Local Authority Pollution Prevention and Control (LAPPC) regime continue to be set nationally. The figures are not usually available until March each year and have in the past been set well below recent years' 3.8% MTFP Target.

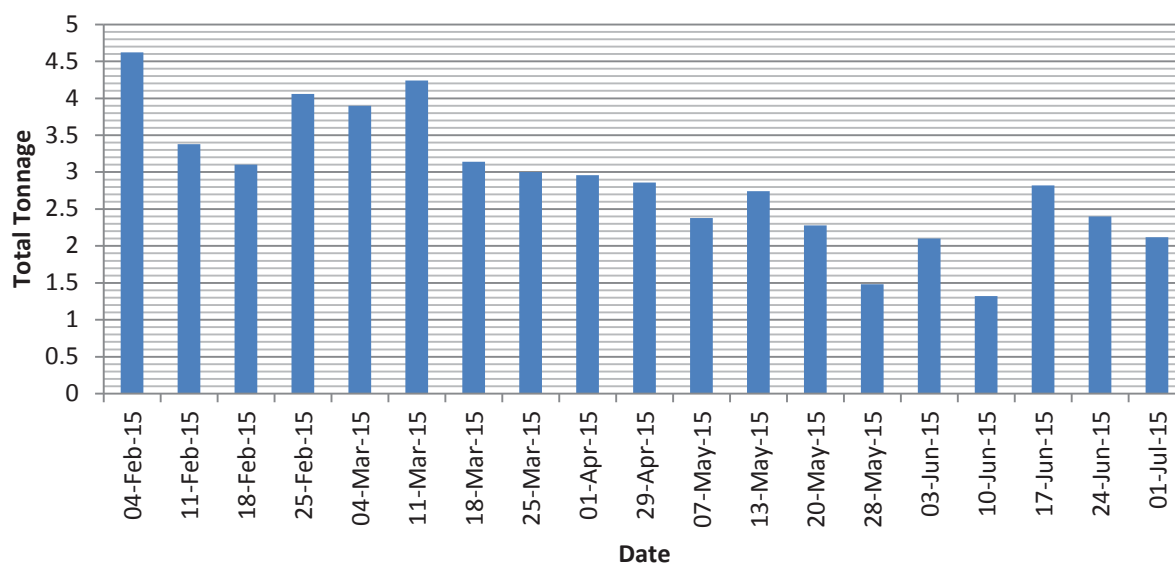
7. WASTE SERVICES AND STREET CLEANSING

The current charge for bulky waste collections is £18 for up to three items. This is substantially cheaper than many other authorities. For example Eden District Council charges £22 for three items and Copeland and South Lakes District Councils both charge £25 for three items.

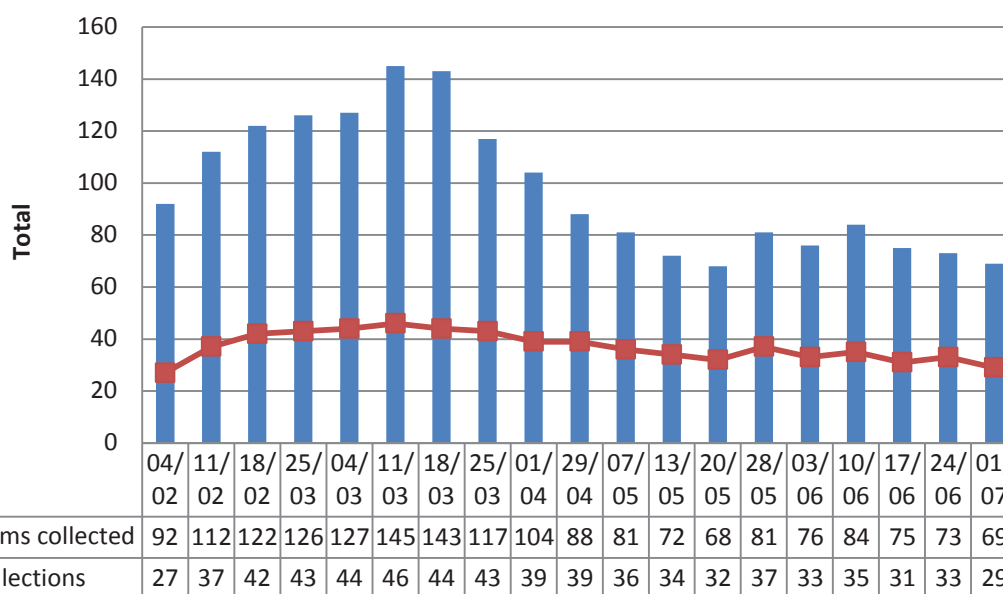
- 7.1 The price of a bulky waste collection was kept at £18 for last year but due to the high tonnage that was being collected, the number of items was reduced from five to three. From April 2015, the Carlisle area was split into two collection zones (north and east, and south and west) to reduce the amount of time collecting and fuel consumed.
- 7.2 The outcome of this is that the average number of weekly bulky waste collections has reduced from 41 to 34 (17%) with the average number of weekly items collected reduced from 121 to 77 (-36%); tonnage to landfill has reduced by 38% (1.35 tonnes) and fuel consumption reduced by 16%. This shows that it was a sound economic decision to split into two collection areas and to reduce the number of items as this has made a saving on fuel, reduced carbon emissions and dramatically reduced the number of items being sent to landfill.
- 7.3 The following graphs illustrate this data:



Bulky Waste Collections - Total Tonnage between 4th Feb 2015 and 1st July 2015



Bulky Waste Collections - Comparison of 'Total Collections' against 'No of Items Collected' per collection 4th Feb 2015 to 1st July 2015



NB. IT issues in early weeks of new Bulky Waste Scheme have led to unreliable data for 8th, 15th and 22nd April 2015 so these dates are not included in the above graph

- 7.4 Cost per collection is currently £22.47. To reduce the level of subsidy it is proposed for the number of items to remain at three, but to increase the fee from £18 to £20.00. This is substantially cheaper than many other authorities. For example Eden District Council charges £22 for three items and Copeland and South Lakes District Councils both charge £25 for three items.
- 7.5 Table 13 sets out the charges for replacement waste receptacles. The charge for a 140 litre refuse bin should remain at £20 in order to encourage waste minimisation. The trial for box hats has been successful and it is therefore proposed for them to remain free of charge as they are now issued as standard on all box deliveries to encourage recycling and minimise litter.
- 7.6 It is proposed that the charge for a 240 litre refuse or garden waste bin should increase to £37 which is 2% over MTFP. This is the only charge for a container that is increasing and is intended to manage demand for replacement containers.
- 7.7 To encourage people to collect replacement gull sacks rather than have them delivered and to provide a cheaper alternative for customers and reduce complaints regarding paying for replacement gull sacks, it is proposed that there is an option to collect the large 160 litre gull sack for half price. To act as an incentive for waste minimisation and to encourage recycling, it is further proposed to reduce the charge for the smaller 90 litre gull sack, to 50% the price of the large sack (delivered) and free if collected. These proposals are included in Table 13.
- 7.8 In 2013/14 a charge for lost and replacement refuse and garden waste containers was introduced. The primary purpose of this charge was to limit demand for replacement containers and to encourage responsible behaviour from residents.
- 7.9 In order to provide our customers with more options for purchasing replacement refuse and garden waste bins, we will continue to offer the option of a reconditioned bin for £15.
- 7.10 A developer charge for new and replacement Euro Bins was introduced for 2013/14. It is proposed to increase this to £310 which is 2% over MTFP requirement in order to recover true cost of service provision.
- 7.11 Developers will continue to be charged for the cost of supplying households on new developments for the first set of waste and recycling containers as per Table 13.
- 7.12 The overall intention of the charging regime is to promote a responsible choice of containers and increase accountability with the benefit of waste minimisation and an improved streetscene.

TABLE 13 – WASTE RECEPTACLE CHARGES

Container Type	2015/16 Charge	Proposed 2016/17 Charge
Refuse Bin (Grey)		
140 litre	£20.00	£20.00
240 litre	£35.00	£37.00
Reconditioned Refuse Bin	£15.00	£15.00
160 litre Standard Seagull Sack	£12.00	£16.00 delivered
	£6.00	£8.00 collected
90 litre Seagull Sack		£8.00 delivered
		Free collected
Garden Waste Bin (Green)		Replacement Only
240 litre	£35.00	£37.00
Additional bins no longer available		
Box Hat	Free	Free
Euro Bin	£295.00 + Delivery Cost	£310.00 + Delivery Cost

8. MOT CHARGES

- 8.1 The Council currently charges for MOT testing and this is set at £45. A charge of £39 is also levied for taxi testing. Test stations are not permitted to charge more than £54.85 for an MOT. It is proposed that the charge for 2016/17 remain the same for both MOTs and taxi testing. Projected income generated from MOT testing is £6,100.

9. SUMMARY OF INCOME

9.1 The original 2015/16 budgets and 2016/17 forecast income levels based upon the current charge structure and forecast volume are as follows:-

TABLE 14 – COMPARISON OF ESTIMATES AND MTFP TARGETS

Service Area	Original Estimate 2015/16 £	MTFP Target 2016/17 £	Original Estimate 2016/17 £	Shortfall or (Excess) over MTFP £
City Centre – Pedestrianisation	27,200	28,000	28,000	0
Env Protection	2,500	2,500	2,500	0
Env Protection Act	15,000	15,000	15,000	0
Dog Policy EPA	8,400	8,600	8,600	0
Pest Control	34,700	35,800	35,800	0
Food	2,700	2,800	2,800	0
Bereavement Serv's	1,265,100	1,302,700	1,302,700	0
Allotments	14,700	15,100	15,100	0
Special Collections	50,800	52,300	52,300	0
Sports Pitches	13,500	13,900	13,900	0
Car Parking	1,104,800	1,161,900	1,146,900	15,000
MOT Testing	6,000	6,100	6,100	0
	2,545,400	2,644,700	2,629,700	15,000
Talkin Tarn Car Park	36,000	37,100	37,100	0
Total	2,581,400	2,681,800	2,666,800	15,000

9.2 The charges highlighted within this report will result in an anticipated level of income of £ 2,666,800 against the MTFP target of £2,681,800. This represents a shortfall of £15,000 against the MTFP target.

10. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 10.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2016 noting the impact these will have on income generation as detailed within the report.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Angela Culleton

Ext: 7325

Appendices attached to report: Appendices A, B, C and D

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

Governance –

Local Environment –

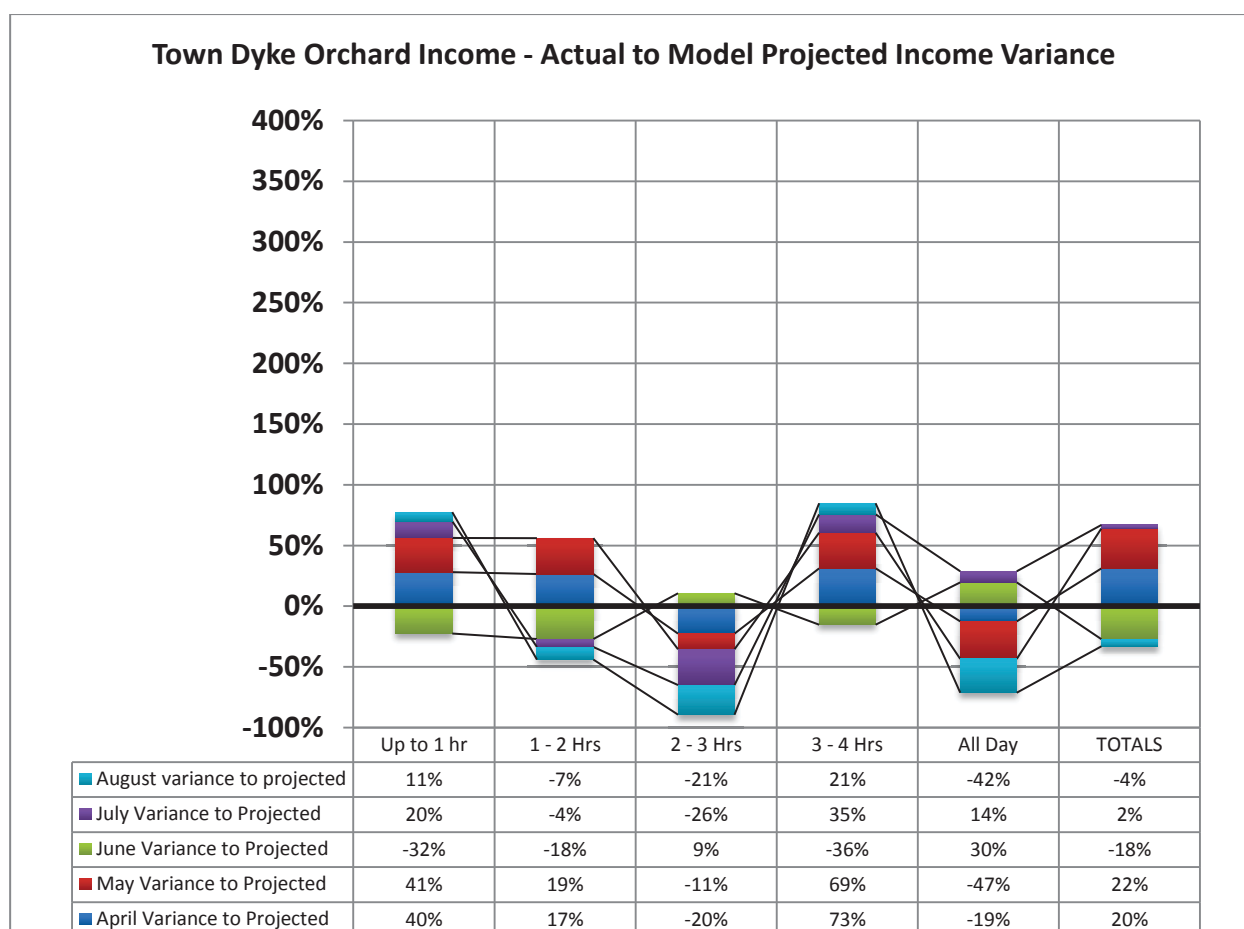
Resources – The charges highlighted in this report will result in an anticipated level of income of £2,666,800 against the MTFP target of £2,681,800. This represents a shortfall of £15,000 against the MTFP target which is a result of a change in responsibility for one car park.

Executive will be asked in the report RD40/15 considered elsewhere on this agenda to decide on whether a deminimis level is to be set for budget pressures. This will mean that any pressures below the deminimis (including shortfalls in income) are not included within the budget process and any pressures below this level would need to be accommodated within existing budgets.

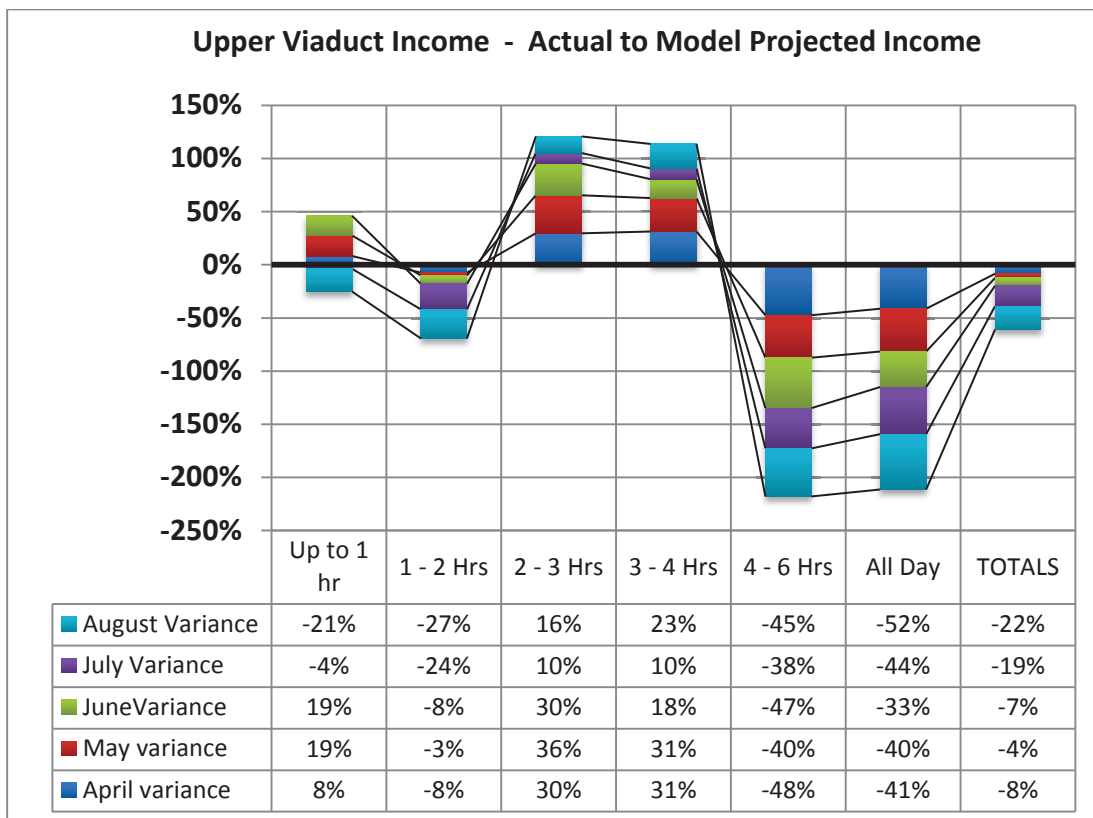
Car Park Performance Against Model Projection

The following graphs shows how each tariff band on the car park compares to the predicted income from the model used to set the charges for 2015/16.

Performance at predicted level would be shown by little or no variance from the 0% line.

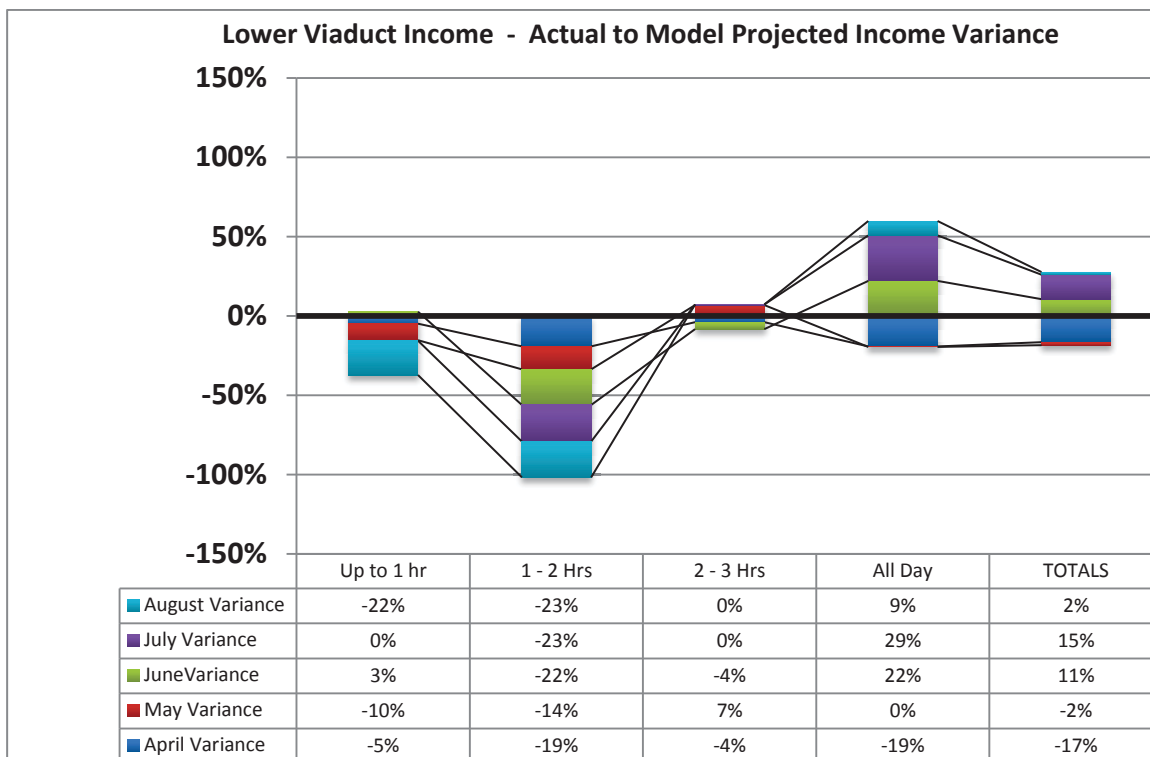


Town Dyke Orchard shows increase in the lower price bands over that predicted in the model but the highest price band of £10 all day shows significant underperformance of up to 47 % less than predicted in May, although some increases have smoothed out the overall effect . The two to three hour band is more consistently down on prediction.



Significant variance to prediction is present for parking over 4 hours on Upper Viaduct, and occupancy rate during April to August 2015 averages 24%

In contrast Lower Viaduct (below) shows a reduction in short-term usage, and increase in longer stays, increasing income generated.



APPENDIX B

ENVIRONMENTAL HEALTH CHARGES PROPOSALS 2015/16

<u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) (Examples of Typical Charges)	<u>Existing Charge</u> <u>2015/16</u>	<u>Proposed Charge</u> <u>2016/2017</u>
Standard Farm Contract Service (Duration 12 months)	£332.00	£344.62
Wasps (Domestic)	£39.00	£40.48
Wasps (Commercial)	£77.00	£79.93
Over 65	£25.00	£25.95
Ants (Domestic)	£39.00	£40.48
Ants (Commercial)	£77.00	£79.93
Over 65	£25.00	£25.95
Standard Fleas / Cockroaches (Domestic)	From £39.00	From £40.48
Standard Fleas / Cockroaches (Commercial)	£77.00	£79.93
Over 65	£25.00	£25.95
Rats (Domestic)	Free	Free
Mice (Domestic)	£39.00	£40.48
Rats and Mice (Commercial)	£77.00	£79.93
Certification of unsaleable food	£31.00	£32.18
Food Hygiene Training	£52.00	£53.98
Health and Safety Statement of Fact	£53.00	£55.01
Export Certificate	£19.00	£19.72
Cost of EHO's time where applicable (per hour)	£53.00	£55.01
<u>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES (Inclusive – VAT not applicable)</u>		
Dog Fouling Order**	£80.00	£80.00
Dog Fouling Order** – paid within one week of issue	£60.00	£60.00
Fly Posting**	£80.00	£80.00
Fly Posting – paid within one week of issue	£60.00	£60.00
Graffiti**	£80.00	£80.00
Graffiti – paid within one week of issue	£60.00	£60.00
Dogs not on Lead Order**	£80.00	£80.00
Dogs not on lead – paid within one week of issue	£60.00	£60.00
Waste Receptacles – (CEN)	£80.00	£80.00
Waste Receptacles – (CEN)- Paid within 7 days	New	£60

Failure to Produce a Waste Transfer Note	£300.00	£300.00
Environmental Protection Act - Litter	£80.00	£80.00
Environmental Protection Act - Litter – paid within one week of issue	£60.00	£60.00
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	£80.00	£80.00
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00
Community Protection Notices**	£100.00	£100.00
Community Protection Notices** paid within one week of issue	£100.00	£60.00
Public Spaces Protection Orders**	£100.00	£100.00
Public Spaces Protection Orders** – paid within one week of issue	£60.00	£60.00
Abandoned Vehicles FPN	New	£200
<u>MISCELLANEOUS LICENCES (Inclusive – VAT not applicable)</u>		
Acupuncture, Cosmetic Piercing and Tattooing/Skin Colouring*	£100.00	£103.80
Animal Boarding Establishment	£95.00	£103.80
Dog Breeders	£80.00	£103.80
Pet Shops	£100.00	£103.80
Zoo Licences and Dangerous Wild Animals (+ Vets Fees)	£240.00	£249.12
Dangerous Wild Animals (+ Vets Fees)	£150.00	£155.70
<u>PRIVATE WATER⁺ (Inclusive – VAT not applicable)</u>		
<u>Typical example of charges</u>		
Analysis Charges		
Biological etc (reg 10)	£20.00	£25
Check monitoring	£50.00	£100
Audit Monitoring (maximum)	£450.00	£500
Sampling Charges		
Sampling (each visit)	£83.00	£86
Risk Assessment (Domestic)	£100.00	£105
Risk Assessment (Commercial)	£100.00 plus £25.00/hr after 4 hours.	£250
Other investigations (each investigation)	£100.00	£100
Granting an authorisation (each authorisation)	£50.00	£50
<u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u>		
Contaminated Land Information Request	£50.00	£51.90 per

	per hour	hour
<u>STRAY DOGS (Inclusive – VAT not applicable)</u>		
Day 1	£60.00	£61.33
Day 2		
Day 3	£75.00	£76.90
Day 4	£90.00	£92.47
Day 5	£105.00	£108.04
Day 6	£120.00	£123.61
Day 7	£135.00	£139.18
	£150.00	£154.75
<u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u>		
Works in default administration costs recovery	£16.00	£16.61
Copying documents	12p per A4 sheet	13p per A4 sheet
<u>MOBILE HOMES ACT 2013⁺ (Inclusive – VAT not applicable)</u>		
Licence Fee- example of typical charge for up to 5 pitches (maximum charge £500.00)	£294.00	£300
Inspection Fee- example of typical charge for up to 5 pitches (maximum charge £250.00)	£105.00	£110
Council hosting of site rules	£50.00	£50

* One-off registration fees.

** The range of penalty charges for these are defined by legislation and range between £50 - £80 or £75 - £80 (waste receptacles) or up to £100 (CPNs and PSPOs)

+ The charges are defined by legislation

PROPOSED LAPPC Charges for 2016/17- (SUBJECT TO FINAL OUTCOME OF DEFRA CONSULTATION) (Inclusive – VAT not applicable)

Type of charge	Type of process	2016/17 Fee		
Application Fee	Standard Process	£1579		
	Additional fee for operating without a permit	£1137		
	Reduced fee activities (except VRs)	£148		
	PVR I and II combined	£246		
	Vehicle refinishers (VRs)	£346		
	Reduced fee activities: Additional fee for operating without a permit	£68		
	Mobile screening and crushing plant	£1579		
	For the third to seventh applications	£943		
	For the eighth and subsequent applications	£477		
Where application is for a combined Part B / waste application, add £297 to the above amounts.				
	Standard process Low	£739 (+£99)*		
	Standard process Medium	£1111(+£149)*		
	Standard process High	£1672 (+£198)*		
	Reduced fee activities Low/Med/High	£76	£151	£227
	PVR I and II combined	£108	£216	£326
	Vehicle refinishers Low/Med/High	£218	£349	£524
	Mobile screening and crushing plant L/M/H	£618	£989	£1484
	for the third to seventh authorisations L/M/H	£368	£590	£884
	eighth and subsequent authorisations L/M/H	£189	£302	£453
	Late Payment Fee	£50	£50	£50
	* additional amount in brackets to be charged where a permit is for a combined Part B and waste installation			
Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £99 to the above amounts				
Transfer and Surrender	Standard process transfer	£162		
	Standard process partial transfer	£476		
	New operator at low risk reduced fee activity	£75		
	Surrender: all Part B activities	£0		
	Reduced fee activities: transfer	£0		
Temporary transfer for mobiles	Reduced fee activities: partial transfer	£45		
	First transfer	£51		
	Repeat transfer	£10		
	Repeat following enforcement or warning	£51		
Substantial	Standard process	£1005		

Type of charge	Type of process	2016/17 Fee
change s10/11	Standard process where the substantial change results in a new PPC activity	£1579
	Reduced fee activities	£98

Key

Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36.

Reduced fee activities are; Service Stations, Vehicle Refinishers, Dry Cleaners and Small Waste Oil Burners under 0.4MW

LAPPC mobile plant charges for 2016/17

Number of authorisations	Application fee 2014/15	Subsistence fee 2016/17		
		Low	Med	High
1	£1579	£618	£989	£1484
2	£1579	£618	£989	£1484
3	£943	£368	£590	£884
4	£943	£368	£590	£884
5	£943	£368	£590	£884
6	£943	£368	£590	£884
7	£943	£368	£590	£884
8 and over	£477	£189	£302	£453

LA-IPPC charges for 2016/17

NB – every subsistence charge in the table below includes the additional £99 charge to cover LA extra costs in dealing with reporting under the E-PRTR (European Pollutant Release and Transfer Register) Regulation.

Type of charge	Local authority element 2016/17
Application	£3218
Additional fee for operating without a permit	£1137
Annual Subsistence LOW	£1384
Annual Subsistence MEDIUM	£1541
Annual Subsistence HIGH	£2233
Substantial Variation	£1309
Transfer	£225
Partial transfer	£668
Surrender	£668

Key

Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £36.

Reduced fee activities are: Service Stations, Vehicle Refinishers, Dry Cleaners and Small Waste Oil Burners under 0.4MW

Newspaper advertisements

Newspaper adverts may be required under EPR (Environmental Permitting Regulations) at the discretion of the LA as part of the consultation process when considering an application. This will be undertaken and paid for by the LA and the charging scheme contains a provision for the LA to recoup its costs.

Environment Agency Subsistence Fees for Discharge to Controlled Waters 2016/17

Charge Band	Charge	Applicability
A	£2,270	Where permit conditions contain numerical water discharge limits other than for the pollutants or parameters listed in bands B and C
B	£760	Where permit conditions contain numerical water discharge limits for BOD, COD ¹ or ammonia
C	£222	Where permit conditions contain numerical limits for water flow, volume, suspended solids. pH, temperature, or oil or grease.
D	£66	Where conditions are included in a permit which do not fall within any of the descriptions in bands A-C (e.g. descriptive conditions)

There is no extra fee payable to the Environment Agency where quarterly payments are made.

BEREAVEMENT SERVICES CHARGES

Product/Service	2015/16 Charge	2016/17 Proposed Charge
CREMATION - VAT NOT INCLUDED		
Cremation Stillborn/Child up to 1 month	FOC	FOC
Cremation 1 month – 17 years	157.50	162.00
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	750.00	772.50
Cremation Body Parts, Blocks and Slides	76.00	78.50
Additional copies of Cremation Certificates	24.00	25.00
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	24.00	25.00
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	46.00	47.50
Additional 40 minute service time for Cremation (20% discount if pre-booked)	n/a	124.00
MISCELLANEOUS - VAT NOT INCLUDED		
Use of Chapel of Rest/Chilled Storage 24 hours	17.50	18.00
48 hours	32.00	33.00
72 hours	45.00	46.50
Placing of Cremated Remains from away in Garden of Remembrance/Woods	60.00	62.00
Postage of Cremated Remains (UK)	48.00	49.50
Containers Plastic Urn	18.00	18.50
Metal Urn	27.50	28.50
Casket	42.00	43.50
Baby Urn	7.00	7.00
Others	POA	POA
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	18.00	18.50

Product/Service	2015/16 Charge	2016/17 Proposed Charge
BURIAL - VAT NOT INCLUDED		
Interment NVF ,Stillborn or Child up to 1 month	FOC	FOC
Interment of child 1 month to 17 years	100.00	103.00
Interment over 18 years	675.00	695.00
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	380.00	391.00
Interment over 18 years (out of hours: Mon-Sat)	900.00	927.00
Interment of child 1 month to 17 years (out of hours: Sunday)	470.00	484.00
Interment over 18 years (out of hours: Sunday)	975.00	1004.00
Interment of child 1 month to 17 years (out of hours: Bank Hols)	515.00	530.50
Interment over 18 years (out of hours: Bank Hols)	1050.00	1081.50
Interment of Cremated Remains (Per Set)	205.00	211.00
Interment of Body Parts, Blocks and Slides	60.00	62.00
Purchase of Exclusive Right of Burial <i>NB Choice of 2 periods: 30 years and 50 years</i>		
30 Year Term		
Grave used for burial of child up to 18 years	65.00	67.00
Grave used for burial of person over 18 years	640.00	660.00
Grave used for burial of Cremated Remains	225.00	231.50
50 Year Term		
Grave used for burial of child up to 18 years	85.00	87.50
Grave used for burial of person over 18 years	1075.00	1107.00
Grave used for burial of Cremated Remains	375.00	386.00
WOODLAND BURIAL		
30 Year Term		
Adult Grave for two burials	500.00	515.00
Adult Grave for one burial	250.00	257.50
Grave for Cremated Remains	250.00	257.50

Product/Service	2015/16 Charge	2016/17 Proposed Charge
50 Year Term		
Adult Grave for two burials	830.00	855.00
Adult Grave for one burial	415.00	427.50
Grave for Cremated Remains	415.00	427.50
Recycled Graves		
Adult burial only	620.00	639.00
Erection of Memorial etc		
Placing a Headstone/Monument to cover one grave space	165.00	170.00
Placing a Headstone/Monument to cover two grave spaces	325.00	340.00
Placing a Headstone/Monument to cover three grave spaces	500.00	510.00
Placing an additional inscription or memorial vase	65.00	67.00
Replacement of existing Headstone	80.00	82.50
USE OF BURIAL CHAPELS - VAT NOT INCLUDED		
Richardson Street	120.00	124.00
Stanwix	120.00	124.00
MISCELLANEOUS - VAT NOT INCLUDED		
Transfer of Grave Rights/Statutory Declaration	37.50	50.00
Re turf graves (<i>at management discretion</i>)	27.50	28.50
Search Records (with date supplied)	20.00	21.00
Search Records (no date/vague date supplied)	25.00	26.00
Seat Maintenance	80.00	100.00
Use of organ		20.00
Location and on-site identification of grave spaces		35.00
MEMORIALISATION FEES – VAT INCLUDED		
Book of Remembrance		
2 line entry	65.00	67.00
5 line entry	130.00	134.00
5 line entry + Flower Emblem or Badge	185.00	191.00
8 line entry	145.00	149.00
8 line entry + Flower Emblem or Badge	215.00	221.50

Product/Service	2015/16 Charge	2016/17 Proposed Charge
Remembrance Cards		
2 line entry	42.50	44.00
5 line entry	72.00	74.00
5 line entry + Flower, Emblem or Badge	135.00	139.00
8 line entry	90.00	93.00
8 line entry + Flower, Emblem or Badge	150.00	154.50
Baby Book of Remembrance		
Per line	10.00	10.50
Motifs	67.50	69.50
Granite Plaques		
2 lines inscribed	405.00	417.00
3 lines inscribed	455.00	469.00
4/5 lines inscribed	530.00	546.00
Each reserved line inscribed	85.00	88.00
Bronze Plaques		
2 up to 4 lines inscribed	305.00	314.00
Replacement Bronze Plaque	117.50	121.00
Sheepfold Plaque	360.00	371.00
Hardwood Seats (inc. 5 years maintenance)		
Hardwood Seat	1100.00	1133.00
Recording of Cremation Service	60.00	62.00
Heather Garden Memorials		
Sanctum 2000	1,000.00	1030.00
Extra letters/figures	5.75	6.00
Replacement Plaque	260.00	268.00
Memorial Vase and Tablet	535.00	551.00

Product/Service	2015/16 Charge	2016/17 Proposed Charge
Replacement Plaque	250.00	257.50
New Sanctum 12's	620.00	639.00
Extra letters/figures	5.75	6.00
Flower Vase holder	25.00	26.00
Replacement Plaque	275.00	283.00
New Octagon Planter Plaques	250.00	257.50
Replacement Plaque	105.00	108.00
Mushroom Plaques	250.00	257.50

CORPORATE CHARGING POLICY 2016/17 TO 2019/20

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)(iv)

Meeting Date: 16 November 2015
Portfolio: Economy and Enterprise
Key Decision: Yes: Recorded in the Notice Ref:KD33/15
Within Policy and Budget Framework YES
Public / Private Public

Title: ECONOMIC DEVELOPMENT CHARGES REVIEW
Report of: DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number: ED.38/15

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 relevant Appendices with effect from 1st April 2016, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	16 November 2015, 14 December 2015
Overview and Scrutiny:	ROSP 1/12/15; EEOSP 26/11/15; COSP 19/11/15
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 Economic Development Directorate. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy (this is attached at Appendix 2)
- 1.3 The charges, which have been reviewed, are addressed separately below.

2. CORPORATE CHARGING POLICY 2016/17 TO 2020/21

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 24 August 2015 and Full Council on 8 September 2015 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:
 - Recover cost of service provision;
 - Generate Surplus Income (where permitted);
 - Maintain existing service provision;
 - Fund service improvements or introduction of new service(s);
 - Manage demand for service(s);
 - Promote access to services for low-income households;
 - Promote equity or fairness;
 - Achieve wider strategic policy objectives (e.g. encouraging green policies);
- 2.2 The MTFP currently assumes an income target for the financial year 2016/17 reflecting an increase of 3% on 2015/16 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ECONOMIC DEVELOPMENT AND TOURISM

3.1 Tourist Information Centre

- 3.2 Ticket & retail sales** – The Tourist Information Centre operates as a Ticket Agent for many local and national organisations. In the last 6 months the centre has been the Box Office for the Old Fire Station this has helped in generating extra income for the centre.

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

- 3.3** Over the last few years income streams from other activities such as accommodation booking and retail sales have decreased, mainly due to decreasing visitor's numbers. The Accommodation Booking service has been affected by the online booking operators such as Booking.com and Late Rooms etc. The Accommodation Booking system has been revised in the last year and we are now looking to become a Booking.com Agent we will be getting 10% on every booking made.
- 3.4** Following the recent refurbishment of the OTH the retail area has been improved to stock a higher quality of merchandising, using more local suppliers and increasing the profit margins where it is possible.

A marketing plan has been created to help generate awareness and footfall into the OTH.

- 3.5 Assembly Room** – Charges for the hire of the Assembly Room are currently set at £67. The charge is in line with other venues around the city centre however, it is proposed an increase of 3% for 2016/2017. Along with the TIC a marketing plan has been created for the Assembly Room to increase the usage of the Room and a wedding licence is been applied for.

4. PLANNING SERVICES

Development Control Income

- 4.1** Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application

received. Generally, the larger the application, the larger the fee. The City Council has no control over either the number of applications received or the type of application. The planning fees were last increased 2013/14 and although there are attempts to have localised fee setting there are no further increases or changes to the national system proposed at the moment. The Government introduced a number of changes to permitted development rights in 2014/15 along with increases to the type of development the subject of prior approval applications rather than full planning permission. Fees for prior approvals for a change of use are £80 or £172 depending on category. All types were previously £385 per application. Loss of income is either £213 or £305 depending on application type. This reduction in income will continue as any temporary measure introduced still remain in effect.

- 4.2 During 2015/16 there has been a significant increase in income from renewables with over £152,000 received in the first 6 months of this financial year from this type of application. The majority of this income is from large solar panel farms following a Government Statement in July 2015 that the Renewables Obligation would be reduced. Schemes eligible for the current tariff rates have to be installed by the end of March 2016 therefore the increase in income will only apply to the current financial year and not recurring income in future years. The target for income was set at £623,500 for 2015/16 which clearly remains achievable however whilst the predicted increase to £642,200 for 2016/17 is also considered to be achievable this has to acknowledge that the one-off fee income based on current application and fee rates will not be repeated.

Building Control Income

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

Street Naming and Numbering

Administration charges for renaming and numbering

Charges for renaming and numbering:

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

Local Plan Income

- 4.4 It is no longer considered appropriate to assume any income from any activities associated with the Local Plan. Traditionally income has been generated from general sales (including the sale of hard copies of the Plan) and with respect to monitoring fees associated with S106 agreements.

The Local Plan and its associated documents are now almost exclusively accessed online/electronically with only a sporadic number of sales of hard copies in recent years. This situation is not forecast to change even accounting for the adoption of the new Local Plan in early 2016. Consequently it is not considered logical to continue to assume an income source from Local Plan related general sales and as such the £1k target is proposed to be removed from the MTFP.

It is similarly proposed to remove the £11.5k income target associated with S106 monitoring fees from the MTFP going forward. Notwithstanding that average income since 2012/13 has been significantly below the target at c.£5k per annum, the Council's ability to continue to secure fees to the same degree as previously is increasingly limited following a number of high profile successful legal challenges against authorities levying such charges. Scope is also reduced through the Government continually acting to exempt various forms of development from having to contribute to planning obligations. Maintaining any income target in these circumstances is therefore simply unrealistic. This target is outside of the scope of the Charges Report, however any surplus income generated from the fees and charges detailed in this report will be used to partly offset the pressure on S106 monitoring fees.

5. HOUSING

5.1 The Licensing of House in Multiple Occupation

The Housing Act 2004 places a duty on Local Authorities to Licence certain types of Houses in Multiple Occupation (HMO). Councils are permitted to charge for their administration costs in connection with granting or refusing an HMO licence to a landlord. The review has taken into account the process of issuing new licences and renewals and accounts for the slight rise in Officer rates.

The table below outlines the proposed charges for 2016/2017

Cost of a new HMO licence (per 8 letting units)	£456
Cost of renewal of an HMO licence (per 8 letting units)	£282

Cost of every additional unit above 8	£8.95
Maximum licence fee	£800
Discount to NLA accredited landlords	10%
Additional increases in licence fees, if follow up correspondence is required to chase an application	£26.84 Per letter

The projected income for HMO licence fees for 2016/2017 is set out below

	Number of applications	Income
Projected number of new licence applications in a year	5	£2280
Forecast of renewals	12	£3384 basic cost
Expected discounts on licence fees	6 at renewal cost, landlords with NLA accreditation	£169.20
Expected income generation 2016/2017		£5664, less discount £5494.80
Income generation 2015/16		£400 estimated in 2014/2015 £ 1848 income to date September 2015
Shortfall/increase	Increase based on estimate	£5094.80

5.2 Immigration Inspections

Immigration inspections are carried out on behalf of the residents of Carlisle City Council who are applying for permission for family members to come and live in the district, who are currently living abroad. 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 review to the application for immigration inspections has taken into account the introduction of formal procedures under a new private sector housing team, the implementation of CIVICA and the advice given to the Council by the Home Office.

The table below outlines the proposed charges for 2016/2017

Proposed cost of application	£110
Option to fast track application and inspect within 5 working days	£125
Expected income generation 2016/2017	£550 (5 visits)
Income generation 2015/16	£0 estimate, actual year to date £420 (September 2015)
Income/Shortfall	£550 based on estimate

5.3 **Charging for enforcement**

The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The system of charging based on officer time will remain the same, but the hourly cost is updated in line with current rates, this rate is calculated to reflect the previous period in 2014/2015. The current rate of Technical Officer time is **£53.68**, however as these are prevailing rates they are subject to change annually. 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.

5.4 **Disabled Facility Grants (DFG's)**

Carlisle City Council currently charges fees for its core Disabled Facilities Grant (DFG) service to meet the revenue costs of delivering the service. The fees are currently set at set rates, determined in 2014/15.

The DFG legislation, allows applicants to receive grant funding for preliminary and ancillary services they require in connection with their application for a DFG. The

technical service the Private Sector Housing Team currently delivers assists applicants through the adaptations process, allowing their application for grant funding to be completed in a timely manner and ensuring the works undertaken meet the standard required by the Council for a DFG payment to be made.

The review of the charges has been undertaken annually in line with other charges in the Private Sector Housing service. The need to reconsider all the charges is based on in-house legal advice and memo following a precedent set in the R Hemming v Westminster City Council, case, in which local authority licensing fees and charging came under scrutiny.

The fee charging structure is now based on the current cost of officer time and the officer time taken related to each task associated with guiding the applicant through the DFG process from initial referral to the payment of the contractor. The charge also relates to the particular type of adaption.

Type of adaptation	Flat Fee (exact cost) inc VAT	Charged Fee
Level Access Shower	£661.24	£661
Overbath Showers	£404.46	£404
Ramps	£661.24	£661
Stairlifts	£404.46	£404
Door Widening	£661.24	£661
Major adaptations (non framework)	£1135.03	£1135
Smaller adaptations (non framework)	£546.38	£661
Fee payable to Homelife (heating schemes)	£236.34	£236
Stair lift recycling scheme fee to Homelife	£346.06	£346.06
<u>Estimated income for 2016/17</u>	Based on 100 approvals, £62,500	

The DFG grant and the Council's contribution are unknown for 2016/17, as funding streams for Disabled Facility Grants changed in April 2015. The funding for adaptations now comes through the Better Care Fund, not the Department of Communities and Local Government. The introduction of Better Care Fund means that funding for DFG will now come to the district authorities through the County Council, who will determine allocations to each district authority in Cumbria. The

estimated fee income for 2016/17 is based on existing through put of DFG cases in 2015/16 at approx. 100 approvals. The income projection is based on existing splits in adaptations, 70% Level Access Showers, 5% large adaptations, 10% stair lifts, 10% ramps and 5% smaller adaptation.

6. HOSTEL SERVICES

- 6.1 The City Council has a statutory responsibility under part 7 of the Housing Act, 1996, as amended to provide temporary accommodation to people who are vulnerable under the act and are homeless or at risk of homelessness within 28 days. The authorities approach to service provision is based on a pathways model of assessment, providing a 24/7 service, of out of hours emergency homeless response and temporary accommodation for single men at John Street and for women and families at Water Street
- 6.2 Eligible rent levels under the Housing Benefit Regulations are based on a five tier charging structure that reflects usage and is in line with the corporate charging policy.

It is proposed to increase hostel charges by 3% as these reflect the costs of providing the services. Revisions to the charges also require discussion and agreement from the Revenues and Benefits Service in relation to the level of Housing Benefit that can be paid. These discussions are still ongoing and should the charges require amendment an update will be provided to Executive at their meeting in December when all charges reports are approved.

2016/17 PROPOSED HOSTEL CHARGES (from 1st April 2016)

PROJECT		Proposed Charge from 1 April 2016	Current charge
WATER STREET FAMILY RATE		£	£
	Total Charge	£308.14	£299.53
	Personal Charge	£18.90	
WATER STREET SINGLE RATE			
	Total Charge	£264.52	£257.11
	Personal Charge	£15.61	
JOHN STREET			
28 Units	Total Charge	£302.75	£ 294.21
28 Units	Personal Charge	£13.44	
HOMESHARES FAMILY RATE			

7 Units	Total Charge	£335.45	£326.06
7 Units	Personal Charge	£ 19.46	
HOMESHARES SINGLE RATE			
4 Units	Total Charge	£307.59	£ 298.83
4 Units	Personal Charge	£ 14.21	

7. SUMMARY OF INCOME GENERATED

7.1 The introduction of the charges proposed is forecast to generate income of £1,288,300 which is summarised in the table below:

Service Area	Original Estimate 2015/16 £	MTFP Target 2016/17 £	Original Estimate 2016/17 £	Shortfall or (Excess) over MTFP £
Assembly Rooms	2,400	2,500	2,500	0
Development Control: Determinations	1,100	1,100	1,100	0
Local Plans	1,000	1,000	0	1,000
Development Control Fees	623,500	642,200	642,200	0
Housing - DFG	63,200	63,200	62,500	700
Housing – HMO Licences	400	400	5,500	(5,100)
Housing – Immigration Inspections	-	-	500	(500)
Hostels	524,400	574,000	574,000	0
TOTAL	1,216,000	1,284,400	1,288,300	(3,900)

7.2 The acceptance of the charges highlighted within this report, with the exception of Building Control which is self financing, will result in an anticipated level of income of £1,288,300 against the MTFP target of £1,284,400.

8. CONSULTATION

8.1 Consultation to Date -

None.

8.2 Consultation Proposed -

Overview and Scrutiny as part of the budget process.

9. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2016, noting the impact these will have on income generation as detailed within the report.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Jane Meek

Ext: 7190

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

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

Local Environment –

Resources – The acceptance of the charges highlighted within this report will result in an anticipated level of income of £1,288,300 against the MTFP target of £1,284,400. This represents an increase of £3,900 against the MTFP target. A budget pressure has also however been identified of £11,500 on S106 monitoring fees also detailed within this report.

Executive will be asked in the report RD40/15 considered elsewhere on this agenda to decide on whether a deminimis level is to be set for budget pressures. This will mean that any pressures below the deminimis (including shortfalls in income) are not included within the budget process and any pressures below this level would need to be accommodated within existing budgets.

APPENDIX 1

PLANNING SERVICES

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

General Charges – All Sections

Fee Description	15/16 Charge £	16/17 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/2014	0%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/2014	0%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/2014	0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)	01/04/2014	0%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/2014	0%

Additional Charges – Building Control

Fee Description	15/16 Charge £	16/17 Charge £	Implementation Date	% Inc
Supply of Radar Keys *	3.00	3.00	06/10/08	0%

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

Additional Charges – Local Plans

Fee Description	15/16 Charge £	16/17 Charge £	Postage £	Implementation Date	% Inc
Tree Preservation Orders (inc. maps)	10p per page (no charge for postage)	10p per page (no charge for postage)	0	08/09/08	0%
High Hedges submission fee	375.00	375.00	0	01/04/15	0%
Adopted Carlisle District Local Plan 2001-16 (2008)	47.00	47.00	4.50	01/04/15	0%
Adopted Carlisle District Local Plan 2001-16 (2008) – Policies Map	25.00	25.00	3.00	01/04/15	0%
* Emerging Carlisle District Local Plan 2015 – 2030 (Publication Draft – inclusive of policies map)	--	26.00*	6.00	01/04/16	0%
** Cumbria Wind Energy SPD (Sept 2008)	15.00	15.00	Inc	01/04/09	0%
** Cumbria Wind Energy SPD supporting documents (Sept 2008)	7.50	7.50	Inc	01/04/10	0%
Cumbria Wind Energy SPD and docs – CD (Sept 2008)	10.00		Inc	01/04/09	0%

- * Cost of emerging Local Plan (inclusive of Policies Map) yet to be confirmed – charging intention would be to recover full costs.**
- ** Price increase in line with Cumbria County Council charge (who have joint ownership of document with Carlisle City Council)**

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

ECONOMIC DEVELOPMENT

OLD TOWN HALL VISITOR CENTRE

	<u>Charge 2015</u> <u>£</u>	<u>Implementation</u> <u>Date</u>	<u>Charge 2016</u> <u>£</u>	<u>Implementation</u> <u>Date</u>
Assembly Room Hire				
Charges per session as follows:				
Mornings 9.30 – 1.00	67.00	01/04/2015	70.00	Increase 3% 01/04/2016
Afternoons 1.30 – 5.00	67.00		70.00	
Mornings & Afternoons 9.30 – 5.00	134.00		140.00	
Evenings 6.30 – 10.00	67.00		70.00	
Afternoons & Evenings 1.30 – 10.00	134.00		140.00	
Each additional hour	25.00		25.00	
N.B. For uses by the following groups and organisations discounts of 50% for Mornings/Afternoons, 37.5% for Evenings and 50% for double sessions including Evenings will be allowed:				
i. Registered Charities				
ii. OAP Groups				
iii. Other community groups e.g. community organisations, unemployed groups, etc.				

APPENDIX 2

CORPORATE CHARGING POLICY 2016/17 TO 2020/21

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

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(v)

Meeting Date: 16 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework NO
Public / Private Public

Title: REVIEW OF CHARGES 2016/17 - LICENSING
Report of: Director of Governance
Report Number: GD 63/15

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 set nationally and those under the Scrap Metal Dealers Act 2013 which falls to the Executive. The fees are outlined in the attached report GD 64/15.

Recommendations:

The Executive is asked to note the charges that will be submitted for consideration by the Regulatory Panel on 18 November 2015. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period in November 2013 and do not need to be considered by them until 2016.

Tracking

Executive:	16 November 2015, 14 December 2015
Regulatory Panel:	18 November 2015
Overview and Scrutiny:	ROSP 1/12/15; EEOSP 26/11/15; COSP 19/11/15;
Council:	

Report to Regulatory Panel

Agenda
Item:

Meeting Date: 18 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: Not Applicable:
Within Policy and
Budget Framework NO
Public / Private Public

Title: REVIEW OF CHARGES 2016/17 - LICENSING
Report of: Director of Governance
Report Number: GD 64/15

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

Recommendations:

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

Tracking

Executive:	14 th December 15
Overview and Scrutiny:	
Council:	

CITY OF CARLISLE

To: The Members of the Regulatory Panel on 18 November 2015

REVIEW OF CHARGES 2016/17 **GOVERNANCE DIRECTORATE - LICENSING**

1. BACKGROUND

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

2. CORPORATE CHARGING POLICY 2016

- 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. New Licence fees cannot include an element of enforcement against unlicensed operators. (The case of Hemming v Westminster City Council 2013 confirms this but has now been referred to the European Court of Justice- See Para. 3). The case did confirm in April of this year that enforcement costs are lawful within an existing licence granted and consistent with European Directive.
- 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 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 outwith 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 clients groups.

3. HEMMING v WESTMINSTER CITY COUNCIL 2013

- 3.1 This case impacts on the costs that councils can recover through locally set licence fees and processes councils have in place to ensure fee setting is transparent and open to scrutiny. The original Administrative Court ruling was given in May 2012, but this was subject to appeal and it is the Court of Appeal judgement made on 24 May 2013 that has been established as the leading law on what costs can be taken into account when setting local licensing fees.
- 3.2 The key issue addressed was whether the licence fees set by Westminster City Council in respect of a particular type of licence, complied with the requirements of the European Services Directive 2009. The Services Directive makes it clear that licence fees covered by the Directive can only be used to recover costs as part of the authorisation process and should not be used to make a profit or deter service providers from entering the market.
- 3.3 The Court of Appeal specifically considered whether the cost of investigating and prosecuting those who operate without a licence, can be recovered through the licence fee paid by those operating legitimately. The court upheld the earlier decision of the Administrative Court, ruling that the fees set must not exceed the costs of administering the process. As such, the council is no longer able to include the cost of enforcement against unlicensed operators when setting a new licence fee and can only include this element within existing licences.
- 3.4 Whilst this particular judgement was made with regard to one particular type of licence, it is accepted that the ruling would apply to all licensing functions covered by the Services Directive.

4. LICENCES

4.1 Introduction

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

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

The licensing budget has been directly affected by the Council's responsibilities under the Licensing Act 2003. The Government has identified that the administration of the legislation will be self funded through the scale of charges, which have been set

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

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

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

A review of the remaining charges (excluding Licensing Act 2003, Gambling Act 2005 and Sex Establishments) has identified that an increase is required in 2016/17 to keep pace with inflationary costs. This will not compromise the Council's position as a fair charging authority and should achieve full cost recovery.

Licensing functions are also undertaken by other Council Departments, e.g. Community Services in respect of tattooing, acupuncture, pet shops and vehicle testing. Planning & Housing Services issue licences in respect of houses of multiple occupancy.

4.2 Licensing Act 2003

4.2.1 Premises Licences & Club Premises Certificates

The total number of premises and club certificates currently licensed is 496 (505 in 2014/15). 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 2016/17. Educational, church and community premises that apply for an entertainment only premises licence are exempt from the licence fee and we currently license 25 such premises.

The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. The number of licences issued appears to have reached a plateau. There is no change in the fee structure, although an Independent Licensing Fees Review Panel has reported on this and we are waiting for the Government to publish legislation. Based upon the current number of licences issued, it is estimated that there will be an income of £104,000 in 2016/17, as set out in the fee bands at Appendix B.

4.2.2 Personal Licences

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

We currently have a total of 1537 Personal Licences issued to date (51 in 2014/15 and 116 in 2013/14).

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

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

Based upon the current numbers of applications to date this year (44) and amendments (34) it is estimated that this will generate an estimated income of £4,000 in 2016/17.

4.3 Vehicle Licences

4.3.1 Hackney Carriages

Under the provision of the Local Government (Miscellaneous Provisions) Act 1967, the City Council may fix a reasonable fee to cover the cost of administration of Hackney Carriage Licences and vehicle inspections. Each Hackney Carriage is subject to an inspection by the Transport Department of Community Services before a licence is granted. Vehicles over one year old and under five years old are inspected twice a year and vehicles over five years old three times per year.

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

Traditionally this Council has charged a lower fee for wheelchair accessible vehicles to encourage proprietors to purchase this type of vehicle. This is no longer necessary due to the decision of 1st August 2007 and the decision in the Hemming case. It was agreed in the 2009/10 budget process that we gradually bring the two fees closer together over the next few years. I would propose an increase of approx. 2% to the charge for non wheelchair vehicles and the charge for wheelchair accessible vehicles be increased by 5% this year. This increase should maintain the current level of income and will be repeated next year to bring the fees closer together.

Hackney Carriage Driver Licences

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

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

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

4.3.2 Private Hire Vehicles

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

Private Hire Driver Licences

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

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

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

The fees for drivers, vehicles and operators, which aim to generate income of £21,600 in 2016/17, are set out in Appendix B.

4.4 Sex Establishment

The City Council has issued two sex establishment licences. A reduced fee structure was introduced in 2009/10 as a result of a national campaign by the trade and the recognition that the licence fee had risen dramatically since first being set in 1990. The fee for this licence was the subject of the Court of Appeal case *Hemming v Westminster* reported at para. 3 earlier in this report. Our previous fee included a considerable percentage for enforcing unlicensed operators, therefore as a result of the case; we can no longer include this element if issuing any new licences. The suggested charge aims to generate renewal income of £3,800 in 2016/17, as set out in Appendix B.

4.5 Auctioneers

We only have one premise which requires licensed auctioneers. The suggested charge aims to generate income of £600 in 2016/17, as set out in Appendix B.

4.6 Pleasure Boats & Boatmen

The number of pleasure boats and boatmen has remained static in recent years. This coming year, Licensing intend to issue all boatmen with Identity cards along with their licences. The suggested charge aims to generate income of £1100 in 2016/17, as set out in Appendix B.

4.7 Scrap Metal Dealers

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

therefore it will only be new application income that is received in the forthcoming two years.

The current fee was set by the Executive in September 2013 for a period of three years and will be reviewed in 2016. Income is dependant upon new applications only, however as a result of enforcement by Police and Licensing additional applications are expected.

The current charge expects to generate income of £1,000 in 2016/17, as set out in Appendix B.

4.8 Gambling Act 2005

Lottery Licences

The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the current level is expected to be maintained. The current fee should generate approximately £4,400 in 2016/17, is set out in Appendix B.

Gambling Premises and Machine Permits

The fee bands are set by central government and the Licensing Committee set their own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4th April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended. There has been a slight reduction in the number of licensed premises in the last 18 months.

At the current level of fees, an estimated income of £14,000 will be received during 2016/17, which is set out in Appendix B.

4.9 Street Trading

The number of licensed street traders has remained consistent over the last couple of years.

The fee for a street trading permit, which aims to generate income of £3,300 in 2016/17, is set out in Appendix B.

4.10 Riding Establishments

The number of riding establishments has decreased in recent years.

The revised fee for these establishments, which aim to generate income of £400 in 2016/17, is set out in Appendix B.

5 SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £236,200 in 2016/17 which is summarised in the table below:

Service Area	Revised Budget 2015/16 £	MTFP Target 2016/17 £	Original Estimate 2016/17 £	Shortfall or (Excess) over MTFP £	
Licensing Act 2003 - Premises	102,000	102,000	104,000	(2,000)	*
Licensing Act 2003 - Personal	4,000	4,000	4,000	0	*
Hackney Carriage (1)	76,200	76,200	78,000	(1,800)	
Private Hire (1)	27,000	27,000	21,600	5,400	
Sex Establishment	3,800	3,800	3,800	0	
Auctioneers	600	600	600	0	
Pleasure Boats	400	400	1,100	(700)	
Scrap Metal (<i>New</i>)	1,000	1,000	1,000	0	
Gambling Act 2005 – Lotteries	3,800	3,800	4,400	(600)	*
Gambling Act 2005 – Premises and Gaming Machines	14,000	14,000	14,000	0	*
Street Trading	3,000	3,000	3,300	(300)	
Riding Establishments	400	400	400	0	
Total	236,200	236,200	236,200	0	

* Fixed fees

6 CONSULTATION

- 6.1 Consultation to Date - None

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

7 RECOMMENDATIONS

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B' with effect from 1st February 2016.

8 REASONS FOR RECOMMENDATIONS

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

Contact Officer: Susan Stashkiw

Ext: 7029

Appendices A – Current fees

attached to report: B – Recommended fees for 2016/17

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – N/A

Community Engagement – N/A

Economic Development – N/A

Governance – The various statutes regulating the different types of licences impose certain procedures that must be followed prior to any increase in fees. Notwithstanding any decision taken by the Regulatory Panel to increase the fees, these procedures will have to be implemented where appropriate, and, if necessary, any suggestions reported back to the Panel.

Local Environment – N/A

Resources – The introduction of the charges suggested above is forecast to produce the receipts outlined in table 5.1 in a full year of £236,200 (although there is no guarantee that all licences will be renewed in 2015/16) in line with the MTFP target of £236,200.

Prepared by: S.J. Stashkiw, Licensing Manager

Appendix 'A'

LICENSING

		<u>Charge</u> <u>from 1/2/2015</u> £	<u>Implementation</u> <u>Date</u>
1 (A) <u>Licences - Licensing Act 2003</u>			
<u>Premises +</u>			
(Based on non-domestic RV)	New	Annual Fee	
Band A	100.00	70.00	24.11.05
Band B	190.00	180.00	24.11.05
Band C	315.00	295.00	24.11.05
Band D	450.00	320.00	24.11.05
Band E	635.00	350.00	24.11.05
<u>Personal +</u>			
Personal Licence		37.00	24.11.05
+ These Charges are currently set by the Home Office			

(B) **Licences - Public Transport****Vehicles****Hackney Carriages**

Hackney Carriage:	New	220.00	1.02.15
	Renewal	195.00	1.02.15
Hackney Carriage (whchair):	New	195.00	1.02.15
	Renewal	160.00	1.02.15
Hackney Carriage:			
*Driver	New	88.00	1.02.15
	Renewal	66.00	1.02.15
#Test Fee		48.00	1.02.13
#Re-test Fee		35.00	1.02.01
Certificate of Compliance		8.00	1.02.11
Plate Deposit		25.00	1.02.05
Transfer of Licence		25.00	1.02.14
Duplicate Items		10.50	1.02.14
New Identity Card		10.50	1.02.14
New Licence Plate		12.00	1.02.12

Private Hire Vehicles

Private Hire Vehicle:	New	185.00	1.02.15
	Renewal	152.00	1.02.15
*Private Hire Vehicle Driver:	New	88.00	1.02.15
	Renewal	66.00	1.02.15
Private Hire Operators:			
1-5 vehicles		135.00	1.02.15
6-10 vehicles		203.00	1.02.15
11-20 vehicles		375.00	1.02.15
21-30 vehicles		432.00	1.02.15
Private Hire Vehicle:			
#Test Fee		48.00	1.02.13
#Re-test Fee		35.00	1.02.01
Certificate of Compliance		8.00	1.02.11
Plate Deposit		25.00	1.02.05
Transfer of Licence		25.00	1.02.14
Duplicate Items		10.50	1.02.14
New Identity Card		10.50	1.02.14
New Licence Plate		12.00	1.02.12

*Inclusive of identity card

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

(C) Licences - Miscellaneous

(VAT Outside the Scope)

Auctioneers		41.00	1.02.15
Riding Establishments (plus Vets Fee)		97.00	1.02.15
Sex Establishments	New	2500.00	1.02.14
	Renewal	1900.00	1.02.14
	Variation	250.00	1.02.14
	Transfer	125.00	1.02.14
Street Traders		102.00	1.02.15
Street Traders (Occasional)		30.00	1.02.07
Plate Deposit		25.00	1.02.05
New Permit Plate		12.00	1.02.14
Scrap Metal Dealers (3 year licence - suggested charge effective from 1/12/13)			
Collector: New		240.00	01.12.13
	Renewal	240.00	01.12.13
	Vary name/address	30.00	01.12.13
Site: New		400.00	01.12.13
	Renewal	400.00	01.12.13
	Vary name	30.00	01.12.13
	Vary Site Manager	50.00	01.12.13
	Vary Site/Collector or add site	100.00	01.12.13
Boats		44.00	1.02.15
Boatman		21.00	1.02.15
Miscellaneous duplicate items		10.50	1.02.14

(D) Licences - Gambling Act 2005**Premises**

(Based on fee bands set by DCMS and determined by Licensing Committee)

See Appendix 'B' for Gambling Premises fees

Appendix 'B'

LICENSING

		<u>Charge</u> from 1/2/2015 £	<u>Suggested</u> Charge 01/02/16	<u>Implementation</u> Date
1	(A) <u>Licences - Licensing Act 2003</u>			
	<u>Premises</u> + (Based on non-domestic RV)	New	Annual Fee	
	Band A	100.00	70.00	24.11.05
	Band B	190.00	180.00	24.11.05
	Band C	315.00	295.00	24.11.05
	Band D	450.00	320.00	24.11.05
	Band E	635.00	350.00	24.11.05
	<u>Personal</u> +			
	Personal Licence amends		10.50	24.11.05
	+ These Charges are currently set by the Home Office			

(B) Licences - Public TransportVehiclesHackney Carriages

Hackney Carriage:	New	220.00	225.00	1.02.16
	Renewal	187.00	191.00	1.02.16
Hackney Carriage (whchair):	New	195.00	205.00	1.02.16
	Renewal	160.00	168.00	1.02.16
Hackney Carriage:				
Driver 1 year Licence	New	88.00	110.00	1.02.16
Driver 1 year renewal	renewal	66.00	70.00	1.02.16
#Test Fee		48.00	50.00	1.02.16
#Re-test Fee		35.00		1.02.13
Certificate of Compliance		8.00		1.02.11
Plate Deposit		25.00		1.02.05
Transfer of Licence/Change Vehicle		25.00		1.02.14
Duplicate Items		10.50		1.02.14
New Identity Card		10.50		1.02.14
New Licence Plate		12.00	13.00	1.02.16

Private Hire Vehicles

Private Hire Vehicle:	New	185.00	195.00	1.02.16
	Renewal	152.00	160.00	1.02.16
PH Driver 1 year	New	88.00	110.00	1.02.16
PH Driver 1 year	Renewal	66.00	70.00	1.02.16
PH Operator	Annual			1.02.16
1-5 vehicles		135.00	140.00	1.02.16
6-10 vehicles		203.00	210.00	1.02.16
11-20 vehicles		375.00	390.00	1.02.16
21-30 vehicles		432.00	445.00	1.02.16
Private Hire Vehicle:				
#Test Fee		48.00	50.00	1.02.16
#Re-test Fee		35.00		1.02.13
Certificate of Compliance		8.00		1.02.11
Plate Deposit		25.00		1.02.05
Transfer of Licence/Change Vehicle		25.00		1.02.14
Duplicate Items		10.50		1.02.14
New Identity Card		10.50		1.02.14
New Licence Plate		12.00	13.00	1.02.16

*Inclusive of identity card

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

(C) Licences - Miscellaneous

(VAT Outside the Scope)

Auctioneers		41.00	42.00	1.02.16
Riding Establishments (plus Vets Fee)		97.00	100.00	1.02.16
Sex Establishments	New	2500.00		1.02.14
	Renewal	1900.00		1.02.14
	Variation	250.00		1.02.14
	Transfer	125.00		1.02.14
Street Traders		102.00	105.00	1.02.16
Street Traders (Occasional)		30.00	35.00	1.02.16
Plate Deposit		25.00		1.02.15
New Permit Plate		12.00	13.00	1.02.16
Scrap Metal Dealers (3 year licence - charge effective from 1/12/13)				
Collector: New		240.00		01.12.13
	Renewal	240.00		01.12.13
	Vary name/address	30.00		01.12.13
Site: New		400.00		01.12.13
	Renewal	400.00		01.12.13
	Vary name	30.00		01.12.13
	Vary Site Manager	50.00		01.12.13
	Vary Site/Collector or add site	100.00		01.12.13
Boats		44.00	45.00	1.02.16
Boatman		21.00	25.00	1.02.16
Miscellaneous duplicate items		10.50		1.02.14

(D) Licences - Gambling Act 200005 - Premises (Based on fee bands set by DCMS and determined by Licensing Co Committee)

See Appendix B for Gambling Premises fees

Gambling Act 2005 Premises Licence Fee Structure

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

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

Report to Executive

Agenda
Item:

A.1(c)

Meeting Date: 16 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD33/15
Within Policy and Budget Framework YES
Public / Private Public

Title: REVISED CAPITAL PROGRAMME 2015/16 AND PROVISIONAL CAPITAL PROGRAMME 2016/17 TO 2020/21
Report of: DIRECTOR OF RESOURCES
Report Number: RD41/15

Purpose / Summary:

The report details the revised capital programme for 2015/16 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2016/17 to 2020/21 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 2015/16 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2016/17 to 2020/21 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:	16 November 2015, 14 December 2015
Overview and Scrutiny:	ROSP 1/12/15, EEOSP 26/11/15, COSP 19/11/15
Council:	2 February 2016 (Budget Resolution)

1. BACKGROUND

- 1.1 This report details the revised capital programme for 2015/16 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 2016/17 to 2020/21, 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 8 September 2015:
 - Capital Strategy 2016-17 to 2020-21 (Report RD22/15)
 - Asset Management Plan (Report GD61/15)
- 1.4 A Corporate Programme Board of senior officers continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

2. CAPITAL RESOURCES

- 2.1 There are several sources of capital resources available to the Council to fund capital expenditure, the main ones being:
 - Borrowing (Prudential Code - see paragraph 5.2)
 - Capital Grants e.g. DFG, specific capital grants
 - Capital Receipts e.g. proceeds from the sale of assets
 - Council Reserves e.g. Projects Reserve
- 2.2 In accordance with the Capital Strategy, the Director of 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 £85,000. This is made up of £45,000 for the cost of the interest payable (4.50% of £1m equates to £45,000) and a principal repayment provision of 4% of the outstanding sum (4% of £1m equates to £40,000).

3. REVISED CAPITAL PROGRAMME 2015/16

- 3.1 The capital programme for 2015/16 totalling £7,198,300 was approved by Council on 14 July 2015 as detailed in the 2014/15 out-turn report (RD08/15).

- 3.2 The revised capital programme for 2015/16 now totals £12,533,700 as detailed in **Appendix A**.

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

- 3.4 A summary of the revised programme for 2015/16 is shown below:

Summary Programme	£	Appx
2015/16 Original Capital Programme	7,198,300	A
Other adjustments	5,335,400	
Revised Capital Programme (Sept 2015)	12,533,700	A
Estimated Capital Resources available	(9,208,253)	B
Projected (Surplus) capital resources	3,325,447	

- 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 (RD38/15). That report also highlights an underspend of £244,993 against the profiled annual budget.

4. CAPITAL SPENDING PROPOSALS 2016/17 TO 2020/21

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

Capital Scheme	App/ Para	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Current Commitments:						
Vehicles & Plant	4.2	1,221	1,114	383	265	0
Planned Enhancements to Council Property	4.3	150	150	150	150	150
Disabled Facilities Grants	4.4	863	863	863	863	863
ICT Infrastructure	4.5	100	100	100	0	0
Crindledyke Cycleway	4.6	197	0	0	0	0
Durranhill Industrial Estate	4.7	1,000	0	0	0	0
Leisure Facilities	4.8	0	0	5,000	0	0
Total Existing Commitments		3,531	2,227	6,496	1,278	1,013
TOTAL POTENTIAL PROGRAMME		3,531	2,227	6,496	1,278	1,013

- 4.2 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above and have been amended to reflect revised requirements within service areas.
- 4.3 The allocation for planned enhancements to council properties is £150,000 for 2016/17 onwards.
- 4.4 Council funding of £200,000 per annum is included on top of the DFG grant received. From 2016/17 this grant (currently assumed to be £663,000 per year) will be awarded via the County Council and there is still some uncertainty as to how it will be allocated and what the allocation will be.
- 4.5 The provision for ICT replacement is included at £100,000 from 2016/17 to 2018/19 in line with available resources.
- 4.6 The provision of a cycleway from Crindledyke which is funded from Section 106 funds in line with the development agreement.
- 4.7 Works which are funded from the LEP to improve infrastructure around Durranhill Industrial Estate.
- 4.8 Capital expenditure for the estimated enhancement work to Leisure Facilities is profiled for 2018/19 to reflect the timeline in relation to new provider contract start dates.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2016/17 to 2020/21 based on the announcements by Government in the spending review.

Source of Funding	Para	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Capital Grants:						
• Disabled Facilities Grant	5.3	(663)	(663)	(663)	(663)	(663)
• Other	5.4	(1,000)	0	0	0	0
External Borrowing	5.5	0	0	(5,000)	0	0
Capital Receipts:						
• Generated in year – General	5.6	0	0	0	0	0
• Generated in year – Asset Business Plan	5.6	(850)	(44)	0	0	0
• Generated in year – PRTB	5.6	(150)	(150)	0	0	0
Direct Revenue Financing / Invest to Save	5.7	(263)	(66)	(34)	(2)	0
TOTAL		(2,926)	(923)	(5,697)	(665)	(663)

- 5.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD39/15).
- 5.3 Disabled facilities grant allocation will not be known until January 2016, although it has been assumed for the purpose of this report that the grant will be protected at the 2015/16 levels. However as mentioned earlier from 2016/17 this grant will be awarded via the County Council and there is still some uncertainty as to how it will be allocated and what the allocation will be.
- 5.4 This relates to the funding for Durranshill Industrial Estate and is the grant awarded by the LEP.

5.5 External borrowing to fund Leisure facility enhancement work.

5.6 Capital receipts from the sale of fixed assets.

Capital receipts from the general sale of Assets (£260,000) have been removed as now form part of the Asset Management Plan and have been updated following consideration and approval of the Refresh of the Asset Disposal programme which is considered elsewhere on the agenda (GD72/15).

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

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

6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2016/17 TO 2020/21

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

	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Estimated in year Resources available (para 5.1)	(2,926)	(923)	(5,697)	(665)	(663)
Proposed Programme (para 4.1)	3,531	2,227	6,496	1,278	1,013
Projected (Surplus)/Deficit	605	1,304	799	613	350
Cumulative B/Fwd Balance	3,325	3,930	5,234	6,033	6,646
Cumulative year end Position					
• Capital (Surplus) / Deficit	3,930	5,234	6,033	6,646	6,996

The table above shows there is an additional borrowing requirement from 2015/16. In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined during the course of this budget process:

- Fundamental review of current capital programme;
- Setting DFG budget to the grant allocation with no City Council contribution;
- No new major one-off schemes unless fully funded from grants or external funding;

- Providing a recurring revenue contribution to the capital programme (this is included in the Revenue Budget Report considered elsewhere on this agenda (RD40/15) as a potential spending pressure);
- Invest to save schemes that can repay the capital investment over a period of time.

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

7. CONSULTATION

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

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

- Note the revised capital programme and relevant financing for 2015/16 as set out in Appendices A and B;
- Give initial consideration and views on the proposed capital spending for 2016/17 to 2020/21 given in the report in the light of the estimated available resources;
- Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Peter Mason

Ext: 7270

Appendices

attached to report:

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

Scheme	Original Capital Programme 2015/16 £	Other Adjustments £	Revised Capital Programme 2015/16 £
Public Realm (S106)	341,900	0	341,900
Castle Way (S106)	339,900	0	339,900
Arts Centre	443,000	0	443,000
Old Town Hall Phase 2	652,500	0	652,500
Harraby School and Community Campus contribution	500,000	0	500,000
Planned Enhancements to Council Property	207,200	2,000	209,200
Vehicles, Plant & Equipment	1,134,000	0	1,134,000
ICT Infrastructure	131,800	0	131,800
Private Sector Grants	863,000	0	863,000
Empty Property Initiative	0	0	0
Public Realm Improvements	264,400	0	264,400
Play Area Developments	9,000	58,100	67,100
Kingstown Industrial Estate	9,800	0	9,800
Sheepmount Road	5,100	0	5,100
Civic Centre Digital Banner	35,000	0	35,000
Bousteads Grassing Improvements	30,000	0	30,000
Financial Ledgers Upgrade	41,500	0	41,500
Revenues & Benefits ICT Upgrades	45,200	0	45,200
Crindledyke Cycleway	0	84,300	84,300
City Centre Asset Investment	0	1,200,000	1,200,000
Economic Development Property Acquisition	0	2,394,000	2,394,000
Tennis Facilities	0	497,000	497,000
Closed Circuit Cycle Track Development	0	650,000	650,000
Durranhill Industrial Estate	0	1,000,000	1,000,000
Broadband Connection Vouchers	0	15,000	15,000
Asset Review	0	1,100,000	1,100,000
SUB-TOTAL	5,053,300	7,000,400	12,053,700
<u>Capital Reserves to be released</u>			
Asset Review Purchases/Expenditure	1,665,000	(1,665,000)	0
ICT Infrastructure	100,000	0	100,000
Old Town Hall / Greenmarket	380,000	0	380,000
	2,145,000	(1,665,000)	480,000
REVISED TOTAL	7,198,300	5,335,400	12,533,700

REVISED CAPITAL PROGRAMME 2015/16 – PROPOSED FINANCING

Source of funding	2015/16 Original £	2015/16 Revised £	Notes
Capital Grants:			
• DFG	663,000	663,000	
• General	0	2,065,000	1
Capital Receipts:			
• B/fwd from previous year	2,509,053	3,609,053	2
• Capital Reserve balances		384,000	3
• PRTB receipts	150,000	150,000	4
• Generated in year	260,000	260,000	
• Generated in year (Asset Review)	860,000	860,000	5
Capital Contributions			
• General	681,800	824,200	6
Direct Revenue Financing	284,100	393,000	7
TOTAL FINANCE AVAILABLE	5,407,953	9,208,253	
TOTAL PROGRAMME (SEE APP A)	7,198,300	12,533,700	
PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE	1,790,347	3,325,447	

Notes:

- Capital grant include funding for Durranshill Industrial Estate (£1,000,000), Tennis Facilities (£400,000), Cycle Track Development (£650,000) and Broadband Connection Vouchers (£15,000).
- The balance brought forward has altered due to revised accounting treatment for an area of capital expenditure as part of the year end audit process.
- Use of an earmarked reserve to part fund City Centre Investment project.
- Revised projections from Riverside Group for 2015/16 will be provided in a future report to the Executive.
- A report considered elsewhere on the agenda provides a further update to these projections.
- General receipts relate to Castle Way S106 (£339,900), Public Realm S106 (£341,900), Play Areas (£58,100) and Crindledyke Cycleway (84,300).
- Changes to Direct Revenue Financing relate to Solar Panels (£9,900) and Capital Enhancements to Council Property (£2,000) and Tennis Facilities (£97,000).

Report to Executive

Agenda
Item:

A.1(d)

Meeting Date: **16th November 2015**
Portfolio: **Finance, Governance and Resources**
Key Decision: **Yes**
Within Policy and
Budget Framework **YES**
Public / Private **Public**

Title: **CORPORATE ASSETS - 3 YEAR REPAIR AND MAINTENANCE
PROGRAMME 2016/17-2018/19**

Report of: **DIRECTOR OF GOVERNANCE**
Report Number: **GD65/15**

Purpose / Summary:

This report sets out the maintenance programme and budget proposals for the Council's Corporate Operational assets for the 3 year period 2016/17 to 2018/19. This is required to ensure the Council's property assets are properly maintained, legal responsibilities met and provision is made accordingly in the budget process.

Recommendations:

It is recommended that:-

1. The next 3 year revenue maintenance programme set out in Appendix A is noted, with a budget provision of £722,000 for 2016/17, and considered as part of the budget process.
2. The 2016/17 capital budget of £150,000 is noted and considered as part of the budget process.
3. Subject to the necessary budget approvals the proposed list of capital projects included within the budget provision of £150k is approved.

Tracking

Executive:	
Overview and Scrutiny:	Not Applicable
Council:	Not Applicable

1. BACKGROUND

1.1 Maintenance Strategy

Local Authorities have a duty to manage and look after their property assets, particularly operational assets, in a safe and efficient manner, and the standard of premises is an important contributory factor to the quality of service delivery. The maintenance strategy for our buildings is integrated with the Council's Asset Management Plan and performance targets; the Council follows good facilities management practice by allocating its budget on the basis of 76% towards planned maintenance and 24% reactive maintenance.

1.2 Revenue Budget

The revenue maintenance budget (Appendix A) is approximately £722,000 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. These 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.

1.3 Capital Budget

The Council has a capitalised major repairs and improvement programme with a provision of £150,000 included in the Capital Programme. This sum is allocated according to need, with priority being given to those projects where health and safety, legal compliance and the conservation of assets is of primary importance.

The Council has a 5-year rolling maintenance plan for its assets, supported by Condition Surveys, updated every year following inspection by the Building & Facilities team, to inform the programme and allocation of funding. The condition data collected is also fed into the Asset Management Plan, and is used to produce key performance indicators.

1.4 Current Position

The outstanding maintenance figure on the operational buildings, currently stands at £2,980,100. This is based on the costed, 5 year plan derived from the rolling programme of Condition Surveys referred to above. The figure reduces as maintenance projects are completed, under the capital works programme, and increases as condition surveys identify new maintenance issues. The sale and acquisition of properties also affects the figure.

2. PROPOSALS

2.1 Planned Maintenance Capital Programme 2016/17

The following projects reflect the highest priority projects to be funded out of capital. The allocation of £150,000 for capital projects reflects the current financial pressures and challenges the Council is facing. The impact of a reducing budget is likely to result in an increase in the outstanding maintenance figure over time, although this could be alleviated by the disposal of surplus properties, or those with a high maintenance requirement.

Capital Budget 2016/17

PROPERTY	PROJECT	COST £
Carlisle Cemetery	Re-paint boundary railings	5,000
The Pools	Replace large roof lights over 20m pool	25,000
Carlisle Crematorium	Recover flat roof	12,000
	Repairs to access road	20,000
The Sands Centre	Main Hall flat roof over coating	10,000
Guildhall Museum	Renew lead to roof of bay window on Fisher St	8,000
Enterprise Centre	Replace electric heating with heat pumps	15,000
	Tie back leaning gable on James Street	5,000
West walls	Stone repointing & repairs	20,000
Civic Centre	Repairs to external beam & column tiles	20,000
Morton CC	Lead Gutter replacement	10,000
	TOTAL	£150,000

2.3 Planned & Reactive Revenue Maintenance Programme 2016/17

The maintenance budgets for the year and those for the next 3 years (as set out in the Medium Term Financial Plan) are included as Appendix A. It should be emphasised that whilst this allocation is necessary for budget purposes the Building Maintenance and Projects Manager may be required to reallocate these funds to meet specific or emergency needs. This flexibility is essential to avoid the possibility of service disruption if any unforeseen events arise during the course of the year.

3. CONSULTATION

Officer consultation has taken place on the proposed maintenance programme with service delivery managers and within the property and finance teams.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

To plan and ensure the Council's operational property resource is maintained, repaired and improved, in order to meet service delivery requirements, in a sustainable manner having regard to budgeting constraints.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

The upkeep of property assets supports the Council's operational service delivery, protects the value of its assets base, and ensures the efficient running of services thereby contributing to corporate priorities.

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

- Asset Management Plan 2015-2020
- Medium term Financial Plan
- Carlisle Plan

7. CORPORATE IMPLICATIONS/RISKS:

Chief Executive – None

Community Engagement – None

Economic Development – None

Governance – The Council has a fiduciary duty to manage its assets in a prudent and sensible manner to safeguard both their value and use to the organisation. In addition, the Council has a legal obligation to maintain its facilities so as to be reasonably safe for those using the assets whether by invitation or trespass.

Local Environment – None

Resources – The programme of works for both Capital and Revenue schemes are in accordance with the budgetary provision contained within the MTFP.

Contact Officer: Mike Swindlehurst Ext: 7292

**APPENDIX A
PLANNED & REACTIVE REVENUE MAINTENANCE PROGRAMME
2016/17**

Cost Code	Description	2015/16 BUDGETS £	2016/17 REQUIREMENT £	2017/18 REQUIREMENT £	2018/19 REQUIREMENT £
10110/1010	Bousteads Grassing/Prog Repair	7,500	7,700	7,800	8,000
10110/1059	Bousteads Grassing/M & E Maintenance	1,100	1,100	1,200	1,200
11057/1011/52603	Public Clocks/React Rep & Main	700	3,900	3,900	4,000
11057/3010/52602	E.C. Regulations/Lamps&Tubes	7,900	7,900	8,000	8,200
11057/3907/52503	Energy Fund	14,200	14,500	14,800	15,100
15100/1011	Allotments/React Rep & Maint	4,400	4,500	4,500	4,600
15120/1010	Bitts Park Depot/Prog Rep & Mnt	7,500	7,700	7,800	8,000
15120/1011	Bitts Pk Depot/React Rep&Main	3,900	4,000	4,100	4,100
15140/1010	Play Areas/Prog Repair & Main	8,200	8,400	8,600	8,700
15140/1011	Play Areas/React Rep & Maint	19,900	20,300	20,700	21,100
15160/1010	Green Space Operatns/Prog Rep & Maint	15,700	16,000	16,300	16,600
15160/1011	Green Spaces Ops/React Rep & Maint	21,800	26,700	27,300	27,800
15170/1010	Talkin Tam/Programmed Repair & Maint	8,500	8,700	8,900	9,100
15170/1011	Talkin Tam/React Repair & Maint	1,900	0	0	0
15175/1010	Talkin Tam Tea Room/Prog Rep & Maint	2,300	2,300	2,300	2,400
16050/1010	Tullie House Build Servs/Prog R & M	19,400	19,800	20,200	20,600
16050/1011	Tullie House Build Servs/React R & M	24,300	24,800	25,300	25,800
16050/1014	Tullie Hse/Millennium Gallery Planned	3,200	3,200	3,300	3,400
16050/1014	Tullie Hse/Millennium Gallery Reactive	7,000	7,100	7,300	7,400
16050/1014	Irishgate/Lift Planned Maintenance	15,600	16,000	16,300	16,600
16050/1014	Irishgate/Reactive Maintenance	7,600	7,800	7,900	8,100
16480/1010	Guildhall/Prog Repair & Maint	4,300	4,400	4,500	4,600
16490/1010	Arts Centre/Prog Repair & Maint *	35,000	12,800	13,100	13,400
16490/1011	Arts Centre/Reactive Repair & Maint *	28,900	12,800	13,000	13,300
16570/1010	Sands Client/Prog R & M	14,400	14,700	15,000	15,300
16570/1011	Sands Client/Reactive R & M	7,900	8,100	8,200	8,400
16580/1010	Pools Client/Prog Rep & Maint	11,600	11,800	12,000	12,300
16580/1011	Pools Client/React Rep & Main	7,700	7,900	8,000	8,200

16590/1010	Outdoor Rec Cln/Prog Rep&Maint	21,600	22,000	22,400	22,900
16590/1011	Outdoor Rec Cln/React Rep&Main	11,100	11,300	11,500	11,800
18010/1010	Civic Centre/Prog Rep & Maint	38,500	39,300	40,100	40,900
18010/1011	Civic Centre/React Rep & Main	44,300	45,200	46,100	47,000
18010/1014	Civic Centre/Office Alteratns	9,500	9,700	9,900	10,100
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,400	1,400
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	4,000	4,000
18010/4010	Civic Centre/Lift Maintenance	17,900	18,300	18,600	19,000
18010/4025	Civic Centre/Security	3,900	4,000	4,100	4,100
21100/1010	Enterprise Centre/Prog Rep/Mn	23,000	23,500	24,000	24,400
21100/1011	Enterprise Centre/React Rep&M	17,100	17,400	17,800	18,200
21600/1010	Comm Centres Gen/Prog Rep & Main	76,700	78,200	79,800	81,400
21600/1011	Comm Centres Gen/React Rep&Maint	48,900	49,900	50,900	51,900
24500/1010	Public Conveniences/Prog Repair & Main	11,400	11,600	11,900	12,100
24500/1011	Public Con/React Rep & Maint	18,200	18,600	18,900	19,300
25511/1010	Water Street Hostel Programmed Repair & Maint	3,400	3,500	3,500	3,600
25511/1011	Water Street Hostel Reactive Repair & Maint	5,200	5,300	5,400	5,500
25520/1010	Shaddongate(St Johns Hostel)/Prog Rep & Maint	1,400	1,400	1,500	1,500
25520/1011	Shaddongate React/Rep & Maint	6,000	6,100	6,300	6,400
25530/1010	Hostel Homeshares/Program R&M	2,500	2,500	2,500	2,600
25530/1011	Hostel Homeshares/React R&M	8,900	9,100	9,200	9,400
26510/1010	Cemeteries/Prog Repair & Main	18,800	19,200	19,600	20,000
26510/1011	Cemeteries/React Rep & Maint	10,800	11,000	11,200	11,400
26520/1010	Crematorium/Prog Rep & Maint	5,000	5,100	5,200	5,300
26520/1011	Crematorium/React Rep & Maint	8,900	9,100	9,300	9,500
42570/1011	Ind Est James St/Rep&Maint Rc	300	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	4,700	4,800	4,900	5,000
43070/1010	Old Town Hall/Prog Rep & Main	3,800	3,900	4,000	4,000
43070/1011	Old Town Hall/React Rep&Maint	1,600	1,600	1,700	1,700
Total All Projects		741,000	722,000	736,300	751,000

Report to Executive

Agenda
Item:

A.1(e)

Meeting Date: 16 November 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD33/15
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT SEPTEMBER 2015 AND FORECASTS FOR 2016/17 TO 2020/21
Report of: DIRECTOR OF RESOURCES
Report Number: RD39/15

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 2016/17 with projections to 2020/21. 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 2016/17 to 2019/20 be incorporated into the budget reports considered elsewhere on the agenda.

Tracking

Executive:	16 November 2015
Overview and Scrutiny:	1 December 2015
Audit Committee:	18 January 2016
Council:	n/a

1. INTRODUCTION

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period to September 2015
 - **Appendix A1** – Treasury Transactions July to September 2015
 - **Appendix A2** – Investment Transactions July to September 2015
 - **Appendix A3** – Outstanding Investments at September 2015 and
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2015/16:
 - **Appendix B1** – Prudential Code background
 - **Appendix B2** – Prudential Indicators
- (iii) **Appendix C** sets out the base Treasury Management estimates for 2016/17 with projections to 2020/21 which are included as potential budget pressures elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. As interest rates are not forecast to rise in the medium term, revisions have been made to the interest achievable. Average cash balances will need to be amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

2. CONSULTATION

2.1 Consultation to Date.
None.

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

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

3.1 That this report be received and that the projections for 2016/17 to 2020/21 be incorporated into the budget reports elsewhere on the agenda.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer:	Steven Tickner	Ext: 7280
Appendices	Appendix A1 – Treasury Transactions July to September 2015	
attached to report:	Appendix A2 – Investment Transactions July to September 2015	
	Appendix A3 – Outstanding Investments at 30 September 2015	
	Appendix B1 – Prudential Code background	
	Appendix B2 – Prudential Indicators	
	Appendix C – Treasury Projections 2016/17 – 2020/21	

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

TREASURY TRANSACTIONS
JULY 2015 to SEPTEMBER 2015

1. LOANS (DEBT)1.1 Transactions July to September 2015

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

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

1.2 Loans (Debt) Outstanding at September 2015

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

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 30 September 2015 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	13,300
			13,300

1.5 Interest Rates

Capita are not forecasting an interest rate rise until Quarter 2 of 2016.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	30,540,000	0.35 - 0.70	27,088,000	0.35 - 0.95
	30,540,000		27,088,000	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 30 September 2015.

3 REVENUES COLLECTED

To: 30 September 2015		Collected £	% of Amount Collectable %
2015/16	Council Tax NNDR	29,418,449 25,123,526	56.99 57.30
Total		54,541,975	57.13
2014/15	Council Tax NNDR	28,505,557 24,614,168	57.14 57.76
Total		53,119,724	57.43
2013/14	Council Tax NNDR	27,409,813 24,438,969	57.42 60.08
Total		51,848,782	58.64

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

4 BANK BALANCE

At 30 September 2015 £419,356.67 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 2015
 April –September 2015

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(142)	(145)	(3)
Interest Payable	191	190	(1)
Less Rechargeable	(7)	(7)	0
	184	183	(1)
Principal Repaid	432	372	(60)
Debt Management	15	12	(3)
NET BALANCE	489	422	(67)

The estimate column is the profiled budget to 30 September 2015.

Interest receivable is managing to match budgeted projections even though average investment returns have fallen slightly against that forecast when the budget was set. Although bank base rates have remained at 0.50%, investment rates are still well under 1% for investments under 12 months. This together with the loss of the 0.50% rate on the HSBC deposit account in July has meant the average rate achieved has fallen slightly. To counteract this, the £3million that was placed in the CCLA property Fund continues to perform well and at the end of September the fund is attracting a yield of 4.78% with the dividend payable for the quarter being £41,113. The capital value of the investment has also grown by a further £127,000 since March 2015 with a total gain of £222,031 (after entry costs).

APPENDIX A2

SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2015

INVESTMENTS MADE			INVESTMENTS REPAYED	
	£			£
Ignis	4,000,000.00		HSBC	1,270,000.00
Federated Investors	2,000,000.00		HSBC	80,000.00
Federated Investors	2,000,000.00		HSBC	1,830,000.00
Nationwide	1,000,000.00		Federated Investors	50,000.00
HSBC	1,400,000.00		Federated Investors	3,950,000.00
Bank of Scotland	1,000,000.00		Nationwide	1,000,000.00
HSBC	900,000.00		Ignis	335,000.00
Federated Investors	4,000,000.00		Bank of Scotland	1,000,000.00
HSBC	600,000.00		Federated Investors	145,000.00
HSBC	3,120,000.00		HSBC	420,000.00
HSBC	900,000.00		HSBC	2,550,000.00
HSBC	2,000,000.00		HSBC	1,890,000.00
Federated Investors	3,185,000.00		HSBC	1,160,000.00
HSBC	700,000.00		Federated Investors	2,910,000.00
HSBC	735,000.00		Federated Investors	130,000.00
HSBC	1,665,000.00		Federated Investors	100,000.00
Barclays	1,000,000.00		Federated Investors	670,000.00
Ignis	335,000.00		Federated Investors	75,000.00
			HSBC	2,845,000.00
			HSBC	75,000.00
			HSBC	3,080,000.00
			Federated Investors	430,000.00
			Barclays	1,000,000.00
			Federated Investors	93,000.00
TOTAL	30,540,000			27,088,000
			Bfwd	19,180,000
			Paid	30,540,000
			Repaid	27,088,000
			Total	22,632,000

Outstanding Investments as at 30 September 2015

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
Y	MMF Federated Investors	2,632,000	0.44%	mmf				0
Y	MMF Standard Life	4,000,000	0.44%	mmf				0
R	Barclays PLC	1,000,000	0.79%	01/04/2015	05/10/2015	5	187	4,047
R	Nationwide Building Society	1,000,000	0.66%	18/05/2015	19/11/2015	50	185	3,345
R	Nationwide Building Society	1,000,000	0.66%	22/05/2015	23/11/2015	54	185	3,345
R	Barclays PLC	1,000,000	0.78%	27/02/2015	27/11/2015	58	273	5,834
R	Bank of Scotland	1,000,000	0.70%	28/05/2015	30/11/2015	61	186	3,567
R	Nationwide Building Society	1,000,000	0.65%	26/06/2015	21/12/2015	82	178	3,170
R	Bank of Scotland	1,000,000	1.00%	05/01/2015	04/01/2016	96	364	9,973
R	Barclays PLC	1,000,000	0.70%	26/06/2015	05/01/2016	97	193	3,701
R	Nationwide Building Society	1,000,000	0.66%	24/07/2015	22/01/2016	114	182	3,291
R	Bank of Scotland	1,000,000	0.70%	31/07/2015	29/01/2016	121	182	3,490
R	Bank of Scotland	1,000,000	0.95%	13/02/2015	12/02/2016	135	364	9,474
R	Bank of Scotland	1,000,000	0.90%	30/03/2015	26/02/2016	149	333	8,211
R	Bank of Scotland	2,000,000	1.00%	27/03/2015	24/03/2016	176	363	19,890
R	Barclays PLC	1,000,000	0.66%	28/09/2015	29/03/2016	181	183	3,309
R	Bank of Scotland	1,000,000	1.00%	09/04/2015	07/04/2016	190	364	9,973
	Total Investments	£22,632,000	0.70%			105	248	£94,621

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) ¹	Initial Market Value (£)	Unrealised Growth (£)
CCLA Property Fund	3,222,031	4.78%	31/07/2014	3,000,000	(163,104)	2,836,896	222,031

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

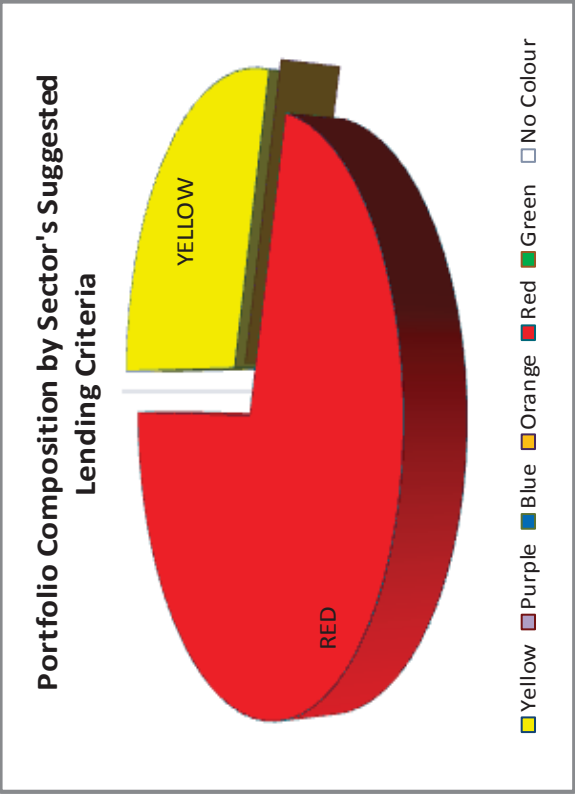
N.B Interest is recognised in the appropriate financial year in which it is due.

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

Investment Summary Sheet

		Weighted		Weighted		Weighted		Weighted	
		Average		Average		Average		Average	
		Rate of		Days to		Maturity		Maturity	
		Return		WAM		from		Execution	
		WARoR		WAM		Execution		WAM at	
		% of Call in		Portfolio		Amount of		Colour in	
		Calls		Calls		Colour in		Calls	
		% of Colour		in Calls		in Calls		in Calls	
		Amount		29.30%		6,632,000		29.30%	
		6,632,000		100.00%		6,632,000		100.00%	
		-		0.00%		-		0.00%	
		-		0.00%		-		0.00%	
		-		0.00%		-		0.00%	
		16,000,000		0.00%		-		0.00%	
		-		0.00%		-		0.00%	
		-		0.00%		-		0.00%	
		22,632,000		29.30%		6,632,000		29.30%	
		0.00%		0.00%		0.00%		0.00%	
		100.00%		0.70%		127		244	

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



Risk Score for Colour (1 = Low, 7 = High)	Sep 2015	Jun 2015	Mar 2015	Dec 2015
1	0.3	0.0	0.3	0.0
2	0.0	0.0	0.0	0.0
3	0.0	0.0	1.4	1.4
4	0.0	0.7	0.2	0.4
5	3.5	4.2	2.4	2.3
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	3.8	4.9	4.3	4.1

Normal' Risk Score 3.5 3.5 3.5 3.5

THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

1. Introduction

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

2. Prudential Indicators

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

3. Supported and Unsupported (or Prudential) Borrowing

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

- 3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its capital borrowing would be limited to its level of supported borrowing. In 2015/16 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 2015/16 to date as detailed in the Treasury Management Strategy Statement for 2015/16.

(a) Affordability

	2015/16 Original Estimate £	2015/16 Revised Estimate £
(i) Capital Expenditure	4,861,300	12,533,700
(ii) Financing Costs Total Financing Costs	1,467,000	1,407,000
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	12,411,000	12,411,000
(iv) Ratio of Financing Costs to Net Revenue Stream The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	11.82%	11.34%
(v) Incremental Impact on Council Tax This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	13.68	11.78
(vi) Authorised Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities	37,600,000	37,600,000
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.	15,013,300	15,013,300

	2015/16 Original Estimate £	2015/16 Revised Estimate £
(vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,013,300	32,600,000 15,013,300
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	10,800,000	15,649,000

(b) Prudence and Sustainability

	2015/16 Original £
(i) New Borrowing to Date No Long Term Borrowing has been taken in 2015/16 to date	0
(ii) Percentage of Fixed Rate Long Term Borrowing at September 2015	100%
(iii) Percentage of Variable Rate Long Term Borrowing at September 2015 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
(iv) Minimum Level of Investments Classified as Specified Level of Specified Investments as at September 2015 As part of the Investment Strategy for 2015/16, 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 2015/16 and 2016/17 with projections to 2020/21

TREASURY MANAGEMENT BUDGET									
Carlisle City Council									
	2015/16 Original £000	2015/16 Revised £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000		
Interest Payable	1,319	1,319	1,320	1,320	1,542	1,537	949		
Core MRP	303	372	626	535	566	571	567		
Principal Repayments	0	0	0	0	108	114	119		
Debt Management									
Sector	15	15	15	16	16	16	17		
Publications	1	1	1	1	1	1	1		
Recharge - Transferred Debt/bequests etc	(23)	(23)	(21)	(21)	(21)	(21)	(21)		
Total Expenditure	1,614	1,683	1,940	1,850	2,212	2,217	1,631		
Interest Receivable	(226)	(155)	(267)	(346)	(446)	(508)	(537)		
Other Interest Recharged	3	3	3	3	3	3	3		
Total Income	(223)	(152)	(264)	(343)	(443)	(505)	(534)		
Treasury Management Net Expenditure	1,391	1,531	1,676	1,507	1,769	1,712	1,098		
Council Resolution Budget 15/16	841	1,466	1,365	1,306	1,569	1,727	1,727		
Difference to Council Resolution Position	550	65	311	201	200	(15)	(629)		
Cumulative Difference to Council Resolution Position	550	65	376	577	777	762	132		

Report to Executive

Agenda
Item:

A.1(f)

Meeting Date: 16th November 2015
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes KD33/15
 Within Policy and Budget Framework: Yes
 Public / Private: Public – Part A
 Title: **Refreshed Asset Disposal Programme - Update**
 Report of: **DIRECTOR OF GOVERNANCE**
 Report Number: **GD72/15**

Purpose / Summary:

The refresh of the Disposals Programme 2015 was considered by the Executive at its meeting of 1st June 2015 (GD.20/15), which proposed changes to the Programme, and was adopted as part of the Council's Policy Framework by Council on 14th July 2015. The revision placed the disposal of circa. £4.6m of assets on hold leading to a shortfall in the expected capital receipts profiled in the current Medium Term Financial Plan (MTFP). Work has now been undertaken to re-profile the disposal of assets to fund the current Capital Programme whilst generating capital receipts to allow investment in the short to medium term.

Recommendations:

1. The Executive note the current position and progress with the Disposals Programme.
2. The Executive considers and comments upon the proposed revisions to the Programme before passing the report to Overview & Scrutiny for comment and full Council for approval.
3. The Executive support the proposal to fund the costs of additional resources to raise additional capital, in the short to medium term, which will then fund the current capital strategy, whilst enabling the realisation of additional capital for investment purposes, for recommendation to Council.
4. That Executive notes the risk around the potential receipt and timescales relating to the disposal of land at Morton and agrees to exclude this receipt from the budget forecast.

Tracking

Executive:	16th November 2015
Overview and Scrutiny:	1st December 2015
Executive:	7th December 2015
Council:	2nd February 2016

1.0 BACKGROUND

1.1. Asset Review Business Plan – Disposals Programme

The Asset Review Business Plan was approved by Full Council on 11th January 2011 (Report Ref: CE39 /10 refers). The Plan's objectives were to rationalise and consolidate the Property Portfolio, with a programme of disposals spread over four years, aimed at realising capital receipts of £24 million, with the capital receipts being used to generate an additional £1 million in rental income, fund investment, economic development and operational property purchases and to support budget and efficiency savings, whilst helping to secure service delivery into the future.

A refresh of the Disposal Programme was put to the Council's Executive on 21st July 2014 and again on 1st June 2015 which updated the original programme, advised Members of the position of assets that had been put on hold, and put forward plans to bring forward potential housing development sites to meet the priorities of the Carlisle Plan and address future housing needs. The reports were adopted as part of the Council's Policy Framework in September 2014 and July 2015 respectively.

1.2. Current Situation

The original Disposals Programme adopted in 2011 as a result of the Asset Review Business Plan has reached the end of its 4 year anticipated lifespan. Due to changing circumstances and emerging Council priorities, some of the original assets within the Disposal Programme can either no longer be brought forward for disposal or the disposal has stalled. The detail of these assets was presented to Executive on 1st June 2015 (GD.20/15).

This has resulted in a gap in the current capital programme of circa. £4.6m, and the aspirations to raise capital for investment purposes has stalled. A Disposals Refresh Working Group has been formed, comprising Officers from both Property and Finance, headed by the Director of Governance. The remit of the Group is to formulate a disposals strategy which focusses on the timing of the disposal of assets to fund the current Capital Programme whilst generating sufficient capital to meet investment aspirations in the short to medium term.

2. PROPOSALS

2.1 Disposal Refresh Working Group

The work of the Disposals Refresh Working Group has concentrated on re-profiling the sale of those assets with no rental income, and which could be brought to the market in the medium to short term, subject to the availability of additional resources.

2.2 **Disposals Re-profile**

The recommendations for re-profiling are attached as Appendix 1. This lists the assets that formed part of the original Disposal Programme, their status within the current MTFP, and highlights those assets with rental income and their gross initial yield (highlighted yellow).

The remaining non-revenue producing assets have been re-profiled to show the level of risk/uncertainty attributable to the disposal of each asset using a traffic light system. Those assets considered low risk are highlighted green, medium risk assets are highlighted amber whilst high risk assets are highlighted in red. The initial 'period to sell' has been estimated based on the current level of resources.

Land at Morton has been included in this re-profiling exercise to highlight the potential capital receipt; however it is worth noting that this potential receipt re-profiled for the 2016/17 financial year has significant risk associated with it.

2.3 **Capital Receipts and Resource Implications**

It is estimated that the re-profiled assets have a total capital value of circa. £3m with an additional sum attributable to Morton, and that to realise the receipts in the short term will cost circa. £400,000 in additional resources.

Roughly half of the additional cost is linked to work on land at Morton where an in-depth risk assessment will be carried out to confirm the potential receipt and associated timescale. It is therefore intended that the Morton receipt is excluded from the budget forecast at this stage until this additional work is undertaken.

	Budget	Forecasts					On Hold £000
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	
Current Projections	(860)	(850)	(44)	0	0	0	(4,275)
Amendment (note 1)	710	(2,635)	20	0	0	0	270
Revised Profile of Asset Review Sales	(150)	(3,485)	(24)	0	0	0	(4,005)

Note 1 - the 2015/16 amendment includes withdrawal of Stanwix House & Cottage from the market following agreement to revised leasing terms

The impact of capital receipt projections on the MTFP and Capital Strategy is set out in the table above and assumes that the disposals can be progressed earlier

with the use of additional resources. There is currently £277,000 within the 2015/16 revenue budget which, with full Council approval, can be used to support the revised disposal programme.

3. CONSULTATION

- 3.1 The Asset Review Business Plan and subsequent proposals to refresh the content of the plan were endorsed by Full Council following an extensive period of consultation with Stakeholders and Members. Further proposals to refresh the content of the Programme were discussed at the Asset Review Business Plan Officer Group and the Strategic Housing Development Group, and endorsed by Council in both 2014 and July 2015. An Asset Review Working Group has now been established, headed up by the Director of Governance, with Officers from both Property and Finance. The outcome of the recent discussions and views has been incorporated into the latest proposals.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 To update Members as to the current position with the Disposals Refresh, and to more effectively manage the Council's assets in line with the wider strategic and budgetary objectives, and to bring forward sales.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1 It is considered the proposals will support the following priorities:-
- Addressing the current and future housing needs of the City.
 - Promoting partnership working with private and public organisations.
 - Providing capital receipts to support the Asset Business Plan and maintain public services.

Contact Officer: Barbara Vernon

Ext: 7422

Appendices Appendix 1 – Disposals Re-profile
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: CE 39/10 Draft Asset Review Business Plan; RD47A/13 Asset Review Business Plan – Disposals Programme; GD 301/14 Refresh of Disposals Programme (2014).

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – None

Deputy Chief Executive – None

Economic Development – The disposal of assets will create opportunities for the City to grow with opportunities for both commercial and residential development.

Governance – The Council has a fiduciary duty to properly manage its property assets. It has the legal powers to both buy and sell land and, in terms of disposals, should sell surplus land. The Asset Management plan is part of the Council's reserved Budget & Policy framework and, as such, the Executive is required to consult with Overview & Scrutiny before making a recommendation to Council.

Local Environment –None

Resources – The receipts from the sale of assets associated with this disposal programme are now earmarked to fund the Council's capital programme over the next five years and are therefore not available for any asset purchases not currently included in the capital programme. Any delay in the disposal programme will lead to a risk of the current programme becoming unfinanced thereby leading to a borrowing requirement in order to meet the existing commitments. The use of additional resources to facilitate a re-profiling of the disposal programme can be accommodated within the existing 2015/16 revenue budget, subject to approval of full Council. Once approved, the anticipated receipts and timescales will form part of the 2016/17 budget process.

APPENDIX 1

DISPOSALS REPROFILE

		revenue income	low risk	medium risk	High risk			
Property	Annual Rent £	Asset Valuation 31/3/15 £	Gross Yield %	MTFP current status	Risk/ Certainty	Current period to sell	MTFP reprofiling period to sell with additional resources	
Disposals Programme - Properties being progressed								
Land to the south west of Kingwater Close, Brampton	nil	115,000		2015/16		2017/18	early in 2016/17	
Disposals Programme - Properties on hold								
Carlisle Airport, Crosby on Eden	1	200,000		HOLD		2017/18	2016/17	
Morton Retail site off Wigton Road*	nil	11,000,000				2017/18	2016/17	
Land at Dene Crescent	nil	70,000		HOLD		2016/17	2016/17	
James Street Workshops	63,505	490,000	13	HOLD		2016/17		
Retail Unit - 17 Scotch Street	26,000	230,000	11	HOLD		2016/17		
Viaduct Industrial Estate	21,325	382,000	6	HOLD		2016/17		
Rosehill Industrial Estate, Montgomery Way	241,072	2,000,000	12	HOLD		2016/17		
University of Cumbria, Castle Street	40,500	850,000	11	HOLD		2018/19		
University, Paternoster Row	54,900			HOLD		2017/18		
Properties within FAMO								
Land at Junction 44 north, Parkhouse	nil	2,000,000				2017/18	2016/17	
Land at Greymoorthill, Kingstown	nil	265,000		2016/17		2017/18	2016/17	
Land adjacent Asda	nil	300,000				2017/18	2016/17	
Economic Development Properties								
St Nicholas Industrial Estate	43,750	745,000	6			2016/17		

Report to Council

Agenda
Item:

17(i)

Meeting Date: 8 September 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD05/15
Within Policy and Budget Framework YES
Public / Private Public

Title: MTFP 2016/17 TO 2020/21
Report of: DIRECTOR OF RESOURCES
Report Number: RD21/15

Purpose / Summary:

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

Recommendations:

The Council is asked to approve the Medium Term Financial Plan for the period 2016/17 to 2020/21.

Tracking

Executive:	27 July 2015
Overview and Scrutiny:	6 August 2015
Executive:	24 August 2015
Council:	8 September 2015

Medium Term Financial Plan

Carlisle City Council

2016/17 to 2020/21

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1.0 Introduction

1.1 The Medium Term Financial Plan (MTFP) provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities. The objectives of the MTFP are to:

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities,
- Guide and be informed by Directorate and other relevant strategies and plans of the 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,
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges.
- Review the policy over the level of reserves held by the Council,
- Set out processes to monitor and evaluate proposed and actual spending to ensure that value for money is obtained.

1.2 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.

1.3 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.

- 1.4 The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will continue to play a pivotal role in determining how much the economy grows over the coming years. Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will also be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy will need to be closely monitored in the short term in order to react effectively to changing situations.

1.5 **Key Considerations for 2016/17 to 2020/21**

The following summarises the key issues to be considered when setting the budget for 2016/17:

- The MTFP is to be set to achieve a minimum level of General Fund Reserves of £2.6m over the life of the MTFP.
- Reduction of 10% between 2016/17 and 2018/19 in Revenue Support Grant included in MTFP. Further reductions are likely to be required
- Consider the impact of any Spending Review and Budget implications.
- Inflation is assumed in the MTFP at 2% for expenditure and 3% for income. Savings likely due to cash amount of inflation provided for in MTFP.
- Pay Award is assumed in the MTFP at 2%, however the Budget announcement of a 1% pay freeze for four years will need to be considered
- Treasury Management budget will be reviewed during the budget process for revised interest rates, changes to average balances and the effects of capital spending decisions
- Stock Issue debt due to be repaid in 2020, and will need considered as part of the budget process.
- Capital financing decisions will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts)
- Business Rate Retention growth assumed at £500,000, however, indications are there is scope to increase this.
- New Homes Bonus not budgeted from 2016/17, however, earlier years allocations also fall out after 6 years, so only the difference will be realisable in the MTFP

- Services that have a statutory requirement to be self-financing need consideration in the budget process. E.g. Licensing, Building Control
- Potential liabilities may arise from restructuring of agreement with the Market managing agents
- Consideration to be given to the use of earmarked reserves to support non-recurring expenditure
- Any re-profiling of transformation savings will affect overall level of savings to be made
- Additional income from assets is assumed to offset the £1m saving requirement from asset management in 2018/19.
- Consideration to be given to levels of income achievable as part of Corporate Charging Policy
- Income pressure from Lanes likely to be required given current performance
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit
- Consider whether any changes should be made to the Council Tax Reduction Scheme (CTRS)
- Consider and prepare for the likely impact of future pension fund revaluation on the MTFP

2.0 Spending and Investment Priorities

2.1 The Carlisle Plan

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

2.1.2 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.

2.1.3 The Executive are currently reviewing the Council priorities and these will be consulted on in August 2015.

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

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

2.2 **Capital Investment Priorities**

- 2.2.1 The Medium Term Financial Plan needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets is likely to have implications on the revenue budget.
- 2.2.2 The Medium Term Financial Plan must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.
- 2.2.3 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.
- 2.2.4 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.
- 2.2.5 Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP at 4% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.
- 2.2.6 The current forecast for the CFR and MRP based on the current capital programme (as detailed in the Capital Strategy) is as follows:

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Total Capital Expenditure	9,128	2,334	2,227	6,496	1,278	1,013
Capital Resources Receivable in Year	(3,281)	(1,989)	(1,183)	(957)	(925)	(923)
MRP & Repayment of Debt	(430)	(648)	(636)	(761)	(758)	(747)
Change in Underlying need to borrow	5,417	(303)	408	4,778	(405)	(657)
CFR Brought Forward	10,400	15,817	15,514	15,922	20,700	20,295
CFR Carried Forward	15,817	15,514	15,922	20,700	20,295	19,638

2.3 Investment and Reserve Balances

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

2.3.2 At 31 March 2015, the Council had investments of £19.974million. 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 2016, investment balances would fall to around £12m. The following table shows the breakdown of the investment balance and what the cash relates to:

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

	Outturn	Forecasts					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000
Total Investments	19,974	12,343	13,263	13,457	14,580	14,646	14,252
<i>Made up of:</i>							
General Fund Reserve	4,732	2,969	3,571	4,157	5,152	4,912	3,965
Capital Reserves	954	585	600	615	630	645	660
Earmarked Revenue Reserves	2,144	2,744	2,744	2,744	2,744	2,744	2,744
Provisions	2,002	2,002	2,002	2,002	2,002	2,002	2,002
Capital Grants Unapplied	191	191	191	191	191	191	191
Working Capital (incl Collection Fund)	5,337	4,655	4,655	4,655	4,655	4,655	4,655
Capital Receipts applied	2,509	0	0	0	0	0	0
Total Working Capital & Balances	17,869	13,146	13,763	14,364	15,374	15,149	14,217
Surplus Cash/(Cash Deficit)	2,105	(803)	(500)	(907)	(794)	(503)	35

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.

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

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

	Outturn	Forecasts					
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
CFR (Underlying Need to borrow)	10,400	15,817	15,514	15,921	20,699	20,295	19,638
Total Borrowing	15,014	15,014	15,014	15,014	19,906	19,792	19,673
(Over)/Under Borrowing Position	(4,614)	803	500	907	793	503	(35)
Less Capital Receipts Applied	(2,509)	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,105)	803	500	907	793	503	(35)

2.3.6 Therefore, to meet its capital financing obligations, the Council was over borrowed by £2.105million in 2014/15 and assuming all else remains equal, this changes to an over borrowed position of £35,000 by 2020/21 due to the setting aside of MRP, and additional unsupported capital expenditure and assumed reduced borrowing costs on the stock issue.

3.0 Revenue Budget Forecasts

3.1 Current Budget Forecast

3.1.1 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.

3.1.2 The Council approved the current forecast for the period 2015/16 to 2019/20 in February 2015 and details are shown below together with the base estimate figures for 2020/21.

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Recurring Revenue Expenditure	11,949	11,086	11,675	11,444	12,828	13,687
Non Recurring Commitments	485	450	20	0	0	0
Carry Forwards From 14/15	646	13	13	0	0	0
Total Revenue Expenditure (Net)	13,080	11,549	11,708	11,444	12,828	13,687
Of Which: Inflation	565	631	816	839	839	839
Funded By:						
Council Tax Income	(6,110)	(6,248)	(6,391)	(6,536)	(6,685)	(6,837)
Estimated Council Tax Surplus	(35)	(35)	(35)	(35)	(35)	(35)
Revenue Support Grant	(2,245)	(2,223)	(2,128)	(2,029)	(2,029)	(2,029)
Business Rates Baseline	(3,027)	(3,145)	(3,240)	(3,339)	(3,339)	(3,339)
Business Rates Growth/Pooling	(500)	(500)	(500)	(500)	(500)	(500)
Total Funding	(11,917)	(12,151)	(12,294)	(12,439)	(12,588)	(12,740)
Total Contribution Required From / (To) Reserves	1,163	(602)	(586)	(995)	240	947
Broken Down as:						
Recurring Commitments	32	(1,065)	(619)	(995)	240	947
Non recurring Commitments	517	450	20	0	0	0
Carry Forwards	646	13	13	0	0	0

Table 1: Summary Budget Position

- 3.1.3 The assumptions built into the MTFP that lead to the figures above are shown in detail at section 6.

3.2 **Funding Prospects**

- 3.2.1 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.

- 3.2.2 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 5.3.

3.2.3 **Revenue Support Grant**

The outlook for Revenue Support Grant is particularly uncertain beyond 2015/16. It is widely expected that there will be further reductions to this funding however as yet there are no clear plans or data available on which to make any firm projections. The Medium Term Financial Plan includes a reduction of 10% between 2016/17 to 2018/19 however, this may be reduced further as part of any Comprehensive Spending Review.

3.2.4 **Business Rates Baseline**

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £500,000. The Business Rates baseline is normally inflated by the inflationary increase applied to the Business Rates multiplier, however, no provision for increases to the baseline from 2018/19 has been included in the MTFP.

Performance on Business Rates in 2013/14 and 2014/15 has been encouraging with the continued participation in the Cumbria Business Rates Pool also enabling the Council to retain more of the growth it generates. There is therefore scope to increase the expected amount to be retained from the amounts currently included in the MTFP to reflect the actual performance from business Rates. However, it should also be noted that some of the

performance achieved is as a result of government policies around Business Rate Reliefs and providing grants to pay for these. Should these grants cease, then the amounts retained locally could be affected.

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

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Revenue Support Grant % Change	(2,245)	(2,223) -1%	(2,128) -4%	(2,029) -5%	(2,029) 0%	(2,029) 0%
Business Rates Baseline % Change	(3,027)	(3,145) 4%	(3,240) 3%	(3,339) 3%	(3,339) 0%	(3,339) 0%
Rates Growth/Pooling % Change	(500)	(500) 0%	(500) 0%	(500) 0%	(500) 0%	(500) 0%
Total Funding	(5,772)	(5,868)	(5,868)	(5,868)	(5,868)	(5,868)

Table 2: Funding

3.2.6 Council Tax

The Council has kept its share of Council Tax at the same level since 2010 by accepting the grants on offer from the government for Council Tax freezes. With the prospect of capping any increases likely to continue, the MTFP includes Council Tax increases from 2016/17 onwards at 1.99%.

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 £35,000.

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.

	Budget	Forecasts				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Council Tax Base % Change	31,585.86 £000	31,673.98 0.28% £000	31,762.35 0.28% £000	31,850.97 0.28% £000	31,939.84 0.28% £000	32,028.96 0.28% £000
Council Tax Surplus % Change	(35)	(35) 0%	(35) 0%	(35) 0%	(35) 0%	(35) 0%
Band D Council Tax % Change	193.43	197.27 1.99%	201.20 1.99%	205.20 1.99%	209.29 1.99%	213.45 1.99%
Total Yield	(6,110)	(6,248)	(6,391)	(6,536)	(6,685)	(6,837)

Table 3: Council Tax

3.3 **Savings Strategy**

3.3.1 In order to ensure the Council maintains a minimum level of reserves of at the end of the MTFP period, savings are required throughout the period of the MTFP. The savings 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.

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

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
In Year Savings requirement	1,211	1,601	395	1,479	0	0
Cumulative Requirement	1,211	2,812	3,207	4,686	4,686	4,686

Table 4: Savings Requirement

3.3.3 Future savings will be dependent upon future funding settlements, Council Tax increases and changes to income and expenditure levels (pressures and savings) that are out with 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 unduly over utilised.

3.3.4 The savings requirement is needed to meet pressures not only from reductions in funding but also as a result of new expenditure pressures that have arisen. The table below gives details of these pressures.

	£000
Council Tax Freeze 14/15 & 15/16 Budget	1,468
Treasury Management	1,020
Reductions In RSG 14/15 Budget (to 19/20)	971
Income Pressures	954
Asset Review	785
National Insurance	250
Refuse & Recycling	173
Pensions	127
Pay Award Savings	(560)
Increase in Business Rate Funding 14/15 -19/20	(369)
Inflation Savings	(300)
Other Pressures/Savings, E.g. Rapid Response Team, Events	167
	4,686

Table 5: Breakdown of Saving Requirement

4.0 Provisions, Reserves & Balances

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

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

4.2 General Fund

4.2.1 The balance on the General Fund shall broadly equal £2.6m. This figure is assessed taking into account the risks and working balances required, including investment income generated, it is considered prudent to leave the reserve at this level. A risk based assessment of the appropriate level of this reserve is carried out as part of the MTFP process and this is shown at **Appendix A**.

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

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

4.3 Earmarked Reserves

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

4.3.2 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**)

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

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
General Fund Reserve	2,600	2,600	2,600	2,600	2,600	2,600
Revenue Earmarked Reserves						
Projects Reserve	369	971	1,557	2,552	2,312	1,364
EEAC Reserve	43	43	43	43	43	43
Transformation Reserve	940	940	940	940	940	940
Cremator Reserve	290	290	290	290	290	290
Welfare Reform Reserve	200	200	200	200	200	200
Conservation Fund	117	117	117	117	117	117
Car Park Enhancement Reserve	151	151	151	151	151	151
City Centre Reserve	42	42	42	42	42	42
Economic Investment Reserve	128	128	128	128	128	128
Repairs & Renewals Reserve	550	550	550	550	550	550
Leisure Reserve	150	150	150	150	150	150
Building Control Reserve	94	94	94	94	94	94
BRR Volatility Reserve	39	39	39	39	39	39
Total Revenue Reserves	5,713	6,315	6,901	7,896	7,656	6,708

Table 6: Revenue Reserves

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

4.3.4 The MTFP does not assume any use of earmarked reserves, although it does assume a transfer of £600,000 from General Fund/Projects Reserve to Transformation Reserve in 2016/17.

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

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Capital Earmarked Reserves						
Usable Capital Receipts (1)	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0
Unapplied Capital Grant	191	191	191	191	191	191
CLL Reserve	522	522	522	522	522	522
Asset Investment Reserve	48	48	48	48	48	48
Lanes Capital Reserve	15	30	45	60	75	80
Total Capital Reserves	776	791	806	821	836	841

Table 7: Capital Earmarked Reserves

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

4.4 **Provisions**

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

4.4 **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.

4.5 **The Responsibilities of the Director of Resources**

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

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

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

4.6 **Planned Use of Reserves**

- 4.6.1 When the budget was set in February 2015, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2014/15 now confirmed, the under spend from 2014/15 has left General Fund Reserve and Projects Reserve in a healthier position (as shown in Table 5).
- 4.6.2 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.

5.0 Income

5.1 Fees & Charges

5.1.1 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.

5.1.2 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.

5.1.3 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 ringfenced to these functions.

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

	2013/14 Actual £000	2014/15 Actual £000	2015/16 Budget £000	2015/16 Non Recurring £000	Recurring Budget £000
Parking	(1,075)	(1,126)	(1,105)	100	(1,205)
Bereavement Services	(1,135)	(1,270)	(1,265)	0	(1,265)
Development Control	(660)	(632)	(624)	0	(624)
Land Charges	(170)	(161)	(169)	0	(169)
Total	(3,040)	(3,189)	(3,163)	100	(3,263)

Table 8: Main areas of Income

5.1.5 The 2015/16 budget made recurring adjustments to income to be achieved from Development Control and Parking. The levels now included in the MTFP are expected to be realistic levels due to this action. Any further adjustments

to these will need to be considered as pressures or savings within the Charges Review Reports.

5.2 **Property Rentals**

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

5.2.2 The forecast yield from property rentals over the period 2015/16 to 2019/20 and included in the MTFP is shown in the following table: -

	2014/15 Actual £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
The Lanes	(1,225)	(1,521)	(1,521)	(1,659)	(1,659)	(1,659)
The Market	(118)	(118)	(118)	(118)	(118)	(118)
Industrial Estates	(2,591)	(2,446)	(2,383)	(2,383)	(2,383)	(2,383)
Misc Properties	(534)	(483)	(453)	(453)	(453)	(453)
Total	(4,468)	(4,568)	(4,475)	(4,613)	(4,613)	(4,613)

Table 9: Property Income

5.2.3 The Council has an agreement with the managing agents of the Lanes whereby the Council receives a proportion of the net rental income (approx. 23%). The budgeted income for 2015/16 and 2016/17 was reduced by £138,000, however, the level of income expected is due to revert to the base budget level of £1.659million in 2017/18. Current performance of the return from the Lanes falls well below this level and it is therefore likely that a budget pressure will be required. There are investment opportunities for the Lanes that could increase the level of income in the medium term, however, this would still likely only help achieve the current budget.

5.2.4 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.

5.3 **Grants & Contributions**

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

5.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. From 2015/16, the amounts distributed under the scheme are top-sliced from the overall funding available to local authorities. The Council receives an allocation of funding under the scheme each year and each allocation lasts for six years. No provision is made for receiving New Homes Bonus in future years in the MTFP, however, the MTFP does assume that once the sixth year allocation ceases, it will be replaced by a new six year allocation. Therefore any allocation of New Homes Bonus received for 2016/17, will be offset in the Medium term Financial Plan from 2020/21 by the 2014/15 allocation ceasing. Any change in government policy regarding New Homes Bonus would have a significant impact on the Council.

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

Allocation Year	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
2011/12	(243)	(243)				
2012/13	(408)	(408)	(408)			
2013/14	(388)	(388)	(388)	(388)		
2014/15	(269)	(269)	(269)	(269)	(269)	
2015/16	(393)	(393)	(393)	(393)	(393)	(393)
2016/17		0	0	0	0	0
2017/18			0	0	0	0
2018/19				0	0	0
2019/20					0	0
2020/21						0
Total	(1,701)	(1,701)	(1,458)	(1,050)	(662)	(393)

Table 10: New Homes Bonus

5.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £449,500 for this grant. Allocations are received on an annual basis. However, it is likely that this grant will reduce with the onset of Universal Credit and the downsizing of Housing Benefit Administration by the Council. This reduction in grant will need to be considered in line with any reductions in workload associated with any transition.

6.0 Assumptions

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

6.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£412,500**
- Pension Contribution Rate (Current Service) **13.6%**
- Pension Deficit Cost **£886,200**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+2%	+/-3%
Pay Award (£000)	13,228	132	265	397
Pension Contribution (£000)	1,430	105	210	315
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				
<u>Pensions</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Pension Fund Revaluation due 31/03/2017
 - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy
 - Provision is already included in the MTFP for the scrapping of lower rate National Insurance and State Earning Related Second Pension (SERPS)

6.3 **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)	9,843	98	197	295
Income (£000)	(4,919)	(49)	(98)	(148)
		Risk		
		High	Medium	Low
<u>Expenditure Inflation</u>				
Likelihood of Change				
Impact of Change				
<u>Income Inflation</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Inflation level of 2% is set at the Bank of England target for inflation.
 - Cash amount of inflation provided for in MTFP is £631,000 for 2016/17.

6.4 **Investment Income**

- Investment Returns –

	2016/17	2017/18	2018/19	2019/20	2020/21
Investments	1.61%	2.36%	2.99%	3.24%	3.24%
Property Fund	4.25%	4.25%	4.25%	4.25%	4.25%

- The investment returns used when the budget was set in February 2015 will need to be updated given current guidance on when interest rates are expected to change.

	Base Level	Sensitivity		
	£000	+/-1%	+2%	+/-3%
Treasury Income (£000)	10,427	104	209	313
Property Fund Income (£000)	2,836	28	57	85
		Risk		
		High	Medium	Low
<u>Investment Income</u>				
Likelihood of Change				
Impact of Change				
<u>Property Fund Income</u>				
Likelihood of Change				
Impact of Change				
<u>Average Balances</u>				
Likelihood of Change				
Impact of Change				

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

6.5 **Borrowing**

- Assumed Borrowing - 2018/19 **£5m** (Leisure Facilities)
- Assumed Borrowing Rate - 2018/19 **4.50%**

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

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

	2016/17	2017/18	2018/19	2019/20	2020/21
CFR	15,514	15,921	20,699	20,295	19,638
MRP	633	621	637	628	612

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Borrowing Rate (£000)	5,000	50	100	150
MRP	416	4	8	12
		Risk		
		High	Medium	Low
<u>Increase to Borrowing Rate</u>				
Likelihood of Change				
Impact of Change				
<u>Increase to CFR</u>				
Likelihood of Change				
Impact of Change				

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

7.0 Appendices

Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2016/17

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	111	55	Assumed at 1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	214	107	Estimate of 5% Charges Income forecasts for 2015/16
Underachievement of Investment Income	4	50%	200	100	1% of exposure of average balance of £20m
Civil Emergencies	6	75%	170	128	Bellwin scheme cuts in at 0.2% of Net Budget (£28,800) and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	25%	25	6	Based on 5% of insurance premia payments
Fall in Rental Income from Property	6	75%	225	169	5% of Rental Income (assumed at £4.5m for 2015/16)
Transformation not met	1	25%	1,601	400	2016/17 Transformation Target
Changes to existing government funding regimes	4	50%	736	368	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	2	25%	400	100	Not met from Transformation Reserve
Dependence on reserves and general balances	3	25%	554	139	General Fund Reserve Balance - Audit Commission
Emergency Contingency		100%	1,000	1,000	Guidance states prudent level is 5% of Net Revenue Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS			5,236	2,572	
Maximum Risk Based Reserve Balances				5,236	
Minimum Risk Based Reserve Balances				1,309	
Current Level of Reserves (Projected as at 31/03/15) (General Fund)				2,969	(Less Carry Forwards, and funding required to meet 15/16)

Appendix B - Reserves

Reserve	Estimated Balance 31/3/15	Purpose	Conditions of Use
<i>Capital Reserves</i>	£000		
Usable Capital Receipts	2,149	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Director of Resources but approval of their use must be given by Council.
Asset Disposal Reserve	360	To provide resources to purchase properties and fund associated revenue costs (e.g. marketing) required as part of the Carlisle Renaissance project. To provide resources for investment in the Council's industrial estates to ensure rent yields are maintained / increased	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
CLL Reserve	522	To provide funds to purchase equipment from CLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.

Reserve	Estimated Balance 31/3/15	Purpose	Conditions of Use
Lanes Capital Reserve	384	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
<i>Revenue Reserves</i>	£000		
General Fund Reserve	4,732	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	Management of the reserve rests with the Director of Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: - <ul style="list-style-type: none"> – Cash flow requirements, – Inflation and interest rates, – Demand led budget pressures, – Efficiency and productivity savings, – The availability of funds to deal with major unexpected events or emergencies, – Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments. Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Projects Reserve	0	The balance at 31 st March 2015 shall be earmarked to support potential revenue budget shortfalls identified by the 2015/16	Management of the reserve rests with the Director of Resources. Funding for the Reserve will be provided by windfall gains over and above those

Reserve	Estimated Balance 31/3/15	Purpose	Conditions of Use
		Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	required to maintain the General Fund at its approved level, balances on reserves that are no longer needed and proceeds from the Local Authority Business Growth Incentive Scheme. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Collection Fund (Carlisle Share)	(340)	To be the collection account for sums due from local taxpayers.	Management of the fund rests with the Director of Resources. The use of the Fund is determined by statute. The main use is to adjust the level of Council Tax required in any one year to reflect surpluses or deficits on collection targets in prior periods.
Building Control Reserve	94	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	117	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive

Reserve	Estimated Balance 31/3/15	Purpose	Conditions of Use
			of the Council.
Transformation Reserve	340	To fund any one off costs associated with transformation project	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.
EEAC Reserve	43	To hold the residual funds of the service pending future decisions with regard to the service	Management of the reserve rests with the Director of Economic Development. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	290	To build up resources to replace cremators when required	Management of the reserve rests with the Director of Local Environment. Approval to release funds from the reserve can only be given by the Executive of the Council.
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.
Car Park Enhancement Reserve	151	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of Local Environment, Portfolio Holder and Director of Resources.
Economic Investment Reserve	128	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of

Reserve	Estimated Balance 31/3/15	Purpose	Conditions of Use
		Projects.	Economic Development, Portfolio Holder and Director of Resources.
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Director of Local Environment, Portfolio Holder and Director of Resources.
Repairs & Renewals Reserve	550	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.
Leisure Reserve	150	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Director of Resources
BRR Volatility Reserve	39	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Director of Resources with the use of the Reserve requiring an Officer Decision notice by the Director of Resources.

Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2016/17 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

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

4. Trading

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

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

5. Value For Money

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

Appendix D – Gross Expenditure Breakdown

	Original Budget 2015/16 £
Expenditure	
Employee Related	15,077,000
Premises Related	3,388,300
Transport Related	1,311,900
Supplies & Services	4,312,000
Third Party Payments	3,516,400
Transfer Payments	29,997,400
Support Services	11,122,400
Capital Financing Costs	1,942,500
Recharges	(12,729,300)
Total Expenditure	57,938,600
Income	
Government Grants	(2,000,400)
Specific Grants	(30,567,400)
Other Grant/Reimbursements/Contributions	(2,048,000)
Interest	(284,200)
Other Income	0
Customer and Client Receipts	(10,604,300)
Total Income	(45,504,300)
Net Budget Requirement	12,434,300
Funded By:	
Council Tax	(6,109,700)
Council Tax Surplus	(35,000)
Revenue Support Grant	(2,245,200)
Retained Business Rates	(3,027,100)
Business Rates Growth/Pooling	(500,000)
Reserves	(517,300)
Total Funding	(12,434,300)

Report to Council

**Agenda
Item:**

17(ii)

Meeting Date: 8 September 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD05/15
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL STRATEGY 2016/17 TO 2020/21
Report of: DIRECTOR OF RESOURCES
Report Number: RD22/15

Purpose / Summary:

The Council's Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2016/17 to 2020/21. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

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

Recommendations:

The Council is asked to approve the Capital Strategy for the period 2016/17 to 2020/21.

Tracking

Executive:	27 July 2015
Overview and Scrutiny:	6 August 2015
Executive	24 August 2015
Council:	8 September 2015

Capital Strategy

Carlisle City Council

2016/17 to 2020/21

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1.0 Introduction

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

The objectives of the Capital Strategy are to: -

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

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

1.3 **Overall Strategy Guidelines**

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

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including Preserved Right to Buy (PRTB) receipts (which will end in 2017/18), will be allocated in accordance with Council priorities.
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants.
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements.
- The Council will seek to maximise the use of grants and external funding.

- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities.
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process.
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects.
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance.

1.4 **Carlisle Plan and Other Council Strategies, Plans and Policies**

- 1.4.1 The Carlisle Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.
- 1.4.2 The Capital Strategy must both support and inform the Council's vision for the Carlisle area and the strategic direction set out in the Carlisle Plan. This is to enable resources to be matched against the agreed priorities and any other supporting needs.
- 1.4.3 The Executive are currently reviewing the Council priorities and these will be consulted on in August 2015.
- 1.4.4 The Capital Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies: -
 - The Medium Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
 - The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
 - The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
 - The Procurement and Commissioning Strategy
 - Local Plan/Local Development Framework.

- The 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

1.5 **Key Considerations for 2016/17 to 2020/21**

The following summarises the key issues to be considered when setting the budget for 2016/17:

- The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme
- 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.
- Revisit Asset Review Business Plan to see if any asset sales can be reprofiled
- In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined:
 - Fundamental review of current capital programme;
 - Setting DFG budget to the grant allocation with no City Council contribution;
 - No new major one-off schemes unless fully funded from grants or external funding;
 - Providing a recurring revenue contribution to the capital programme;
 - Invest to save schemes that can repay the capital investment over a period of time.

2.0 Spending and Investment Priorities

2.1 Capital Investment Priorities

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

3.0 Capital Programme Forecasts

The table below shows the current capital resources at the end of 2014/15 before any new decisions around capital investment made in 2015/16.

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Capital Receipts Brought Forward	(2,509)	(3,296)	(2,101)	(1,013)	(474)	(121)
Net Resources receivable in year	(787)	1,195	1,088	5,539	353	90
Borrowing Requirement	0	0	0	(5,000)	0	0
(Surplus Capital Resources) / Borrowing Requirement	(3,296)	(2,101)	(1,013)	(474)	(121)	(31)

Table 1: Current Capital resources

3.1 Current Expenditure Forecast

- 3.1.1 The Council approved the current forecast for the period 2015/16 to 2019/20 in February 2015 and details are shown below adjusted for the outturn from 2014/15 and also for decisions made in relation to capital investment between April and June 2015.

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Disabled Facilities Grants	863	863	863	863	863	863
Vehicles Plant & Equipment	1,134	1,221	1,114	383	265	0
Enhancements to Property	207	150	150	150	150	150
Harraby Community Campus	500					
Old Town Hall - Phase 2	653					
Old Town Hall/Greenmarket	380					
Asset Review	2,394					
Public Realm - S. 106	342					
Castle Way Cycle Ramp	340					
Public Realm Improvements	264					
Arts Centre	443					
Play Areas	9					
Kingstown Industrial Estate	10					
Sheepmount Road	5					
ICT Infrastructure	232	100	100	100	0	0
Civic Centre Digital Banner	35					
Bousteads Grassing Improvements	30					
Financial Ledger Enhancements	42					
Revenues & Benefits ICT	45					
Leisure Facilities	0	0	0	5,000		
City Centre Investment	1,200					
Total Programme	9,128	2,334	2,227	6,496	1,278	1,013

Table 2: Current Capital Programme

3.2 Current Resource Forecasts

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

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Capital Grants & Contributions	1,345	663	663	663	663	663
Capital Receipts (General & PRTB)	410	410	410	260	260	260
Capital Receipts (Asset Review)	5,949	0	0	0	0	0
Revenue Financing	282	66	66	34	2	0
Total Resources Receivable in Year	7,986	1,139	1,139	957	925	923
Borrowing Requirement	0	0	0	5,000	0	0

Table 3: Current Proposed Resources

3.2.2 As well as the resources to be received in each year, the Council has a balance of capital receipts brought forward (although these are held in the Capital Adjustment Account on the balance sheet, the cash from these receipts is used to finance capital expenditure).

3.2.3 As can be seen, the current capital programme is fully utilising **all** available capital resources by 2021. Therefore any expenditure that is not currently forecast will have to be financed through additional borrowing (internal/external) or from revenue budgets.

3.2.4 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2015/16 the Council has budgeted to receive £663,000 and this figure has been used as a forecast for future years. There are changes to the way the grant will be distributed in future years, with the funding being provided to the County Council as the Better Care provider who will then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

3.2.5 Borrowing

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

The Council has a borrowing requirement in its current capital programme of £5million to support the development of Leisure Facilities. This cost of this

borrowing requirement is included in the Medium Term Financial Plan and is also offset by a corresponding saving from the Council's Leisure Contract.

Borrowing can be undertaken by taking out an external loan with the PWLB, or can be undertaken by utilising internal resources, i.e. investment balances. This is known as internal borrowing.

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

In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined:

- Fundamental review of current capital programme;
- Setting DFG budget to the grant allocation with no City Council contribution;
- No new major one-off schemes unless fully funded from grants or external funding;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

3.2.6 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget. It is planned that as part of the Rethinking Waste Project that the current capital commitment for new vehicles in Waste Services are financed from revenue savings in the service. This revenue contribution will be finalised as part of the project and will be incorporated into the capital financing at a later date once details are known.

3.2.6 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. The Capital Strategy assumes that there will be sales from General Assets of £260,000 per year. A further £150,000 is budgeted to be received from Preserved Right to Buy (PRTB) sharing agreement with Riverside Group for 2015/16 and 2016/17, however, this agreement ceases from 2017/18.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £5.9million are included in the Capital programme to be achieved in 2015/16. However, a re-profiling exercise has been carried out to revise the timetable for achieving these sales and this is shown below:

	Budget	Forecasts					On Hold £000
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	
Original Schedule	(5,949)	0	0	0	0	0	0
Amendment	5,089	(850)	(44)	0	0	0	(4,275)
Revised Profile of Asset Review Sales	(860)	(850)	(44)	0	0	0	(4,275)

Table 4: Re-profiling of Asset Review Receipts

This re-profiling will have a significant effect on the Council's ability to achieve its current capital programme as £4.2million of asset sales is being placed on hold. This will mean there will be a significant borrowing requirement to finance elements of the expenditure incurred from 2015/16.

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Total Capital Expenditure	9,128	2,334	2,227	6,496	1,278	1,013
Capital Resources Receivable in Year	(8,370)	(1,139)	(1,139)	(957)	(925)	(923)
Re-Profiling of Asset Review Receipts	5,089	(850)	(44)	0	0	0
Total Net Resources Receivable	5,847	345	1,044	5,539	353	90
Capital Receipts Brought Forward	(2,509)	3,338	3,683	4,727	10,266	10,619
(Surplus Capital resources) / Borrowing Requirement	3,338	3,683	4,727	10,266	10,619	10,709

Table 5: Effect of re-profiling asset review sales

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

The additional borrowing requirement will be reduced by any revenue contributions made towards the financing of Refuse and Recycling vehicles as part of the Rethinking Waste Project. Any further revenue contribution to the capital programme will also reduce this requirement as will a review of the current capital programme expenditure commitments.

4.0 Capital Financing Requirement

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

	Budget	Forecasts				
	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Total Capital Expenditure	9,128	2,334	2,227	6,496	1,278	1,013
Capital Resources Receivable in Year	(3,281)	(1,989)	(1,183)	(957)	(925)	(923)
MRP & Repayment of Debt	(430)	(648)	(636)	(761)	(758)	(747)
Change in Underlying need to borrow	5,417	(303)	408	4,778	(405)	(657)
CFR Brought Forward	10,400	15,817	15,514	15,922	20,700	20,295
CFR Carried Forward	15,817	15,514	15,922	20,700	20,295	19,638

4.5 Investment and Reserve Balances

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

4.5.2 At 31 March 2015, the Council had investments of £19.974million. 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 2016, investment balances would fall to around £12m. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000
Total Investments	19,974	12,343	13,263	13,457	14,580	14,646	14,252
<i>Made up of:</i>							
General Fund Reserve	4,732	2,969	3,571	4,157	5,152	4,912	3,965
Capital Reserves	954	585	600	615	630	645	660
Earmarked Revenue Reserves	2,144	2,744	2,744	2,744	2,744	2,744	2,744
Provisions	2,002	2,002	2,002	2,002	2,002	2,002	2,002
Capital Grants Unapplied	191	191	191	191	191	191	191
Working Capital (incl Collection Fund)	5,337	4,655	4,655	4,655	4,655	4,655	4,655
Capital Receipts applied	2,509	0	0	0	0	0	0
Total Working Capital & Balances	17,869	13,146	13,763	14,364	15,374	15,149	14,217
Surplus Cash/(Cash Deficit)	2,105	(803)	(500)	(907)	(794)	(503)	35

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

4.5.3 The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2020/21.

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

	Outturn	Forecasts					
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
CFR (Underlying Need to borrow)	10,400	15,817	15,514	15,921	20,699	20,295	19,638
Total Borrowing	15,014	15,014	15,014	15,014	19,906	19,792	19,673
(Over)/Under Borrowing Position	(4,614)	803	500	907	793	503	(35)
Less Capital Receipts Applied	(2,509)	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,105)	803	500	907	793	503	(35)

4.5.5 Therefore, to meet its capital financing obligations, the Council was over borrowed by £2.105million in 2014/15 and assuming all else remains equal, this changes to an over borrowed position of £35,000 by 2020/21 due to the setting aside of MRP, and additional unsupported capital expenditure and assumed reduced borrowing costs on the stock issue.

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

5.0 Evaluation and Monitoring of Capital Projects

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

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

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

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

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

6.0 Appendices

Appendix A - Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Reasonably Probable	Marginal	Strengthen the role of Corporate Programme Board when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	Marginal	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. DCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.

Report to Council

Agenda

Item:

17(iii)

Meeting Date: 8th September 2015
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 2015 TO 2020**
Report of: **Director of Governance**
Report Number: **GD.61/15**

Purpose / Summary:

The attached report (GD.28/15) and Asset Management Plan was considered by Executive on 27th July before being referred to Resources Overview & Scrutiny Panel on 6th August 2015 and back to Executive on 24th August 2015.

Since the presentation of the Plan to the Executive on 27th July updates have been made to the Draft Plan to reflect the Disposal Programme re-profiling and the receipt of final energy performance figures as follows:

1. A refresh of the Disposals Programme was approved by full Council on 14th July which confirmed the aim to deliver £860,000 in capital receipts in 2015/16 from the sale of 5 assets (previously £1.5m from 10 assets - see pg.22).
2. Final energy figures have now been received showing a significant reduction in energy usage and carbon emissions (see pg.30) supporting our continued aim to meet a 25% reduction on 2007/08 baseline figures.

Recommendations:

- i. Council note the updates to the Asset Management Plan
- ii. Council agree to adopt the Asset Management Plan for 2015-2020

Tracking

Executive:	27 July 2015
Overview and Scrutiny:	6 August 2015
Executive:	24 August 2015
Council:	8 September 2015

Report to Executive

Agenda
Item:

Meeting Date: 27th July 2015
Portfolio: Finance, Governance and Resources
Key Decision: YES: Recorded in the Notice Ref: KD.
Within Policy and Budget Framework YES
Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2015 TO 2020**
Report of: **Director of Governance**
Report Number: **GD 28/15**

Purpose / Summary:

The Asset Management Plan is being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011. The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

Recommendations:

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

Tracking

Executive:	27 July 2015
Overview and Scrutiny:	6 August 2015
Executive:	24 August 2015
Council:	8 September 2015

1. BACKGROUND

- 1.1. The Council's land holdings are one of the essential resources used to carry out our day to day business, generate income to support services, and deliver economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP also gives guidance on the overall performance of the asset base, what it is costing and producing, 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.
- 1.4. The AMP is reviewed annually and updated, along with the MTFP and CS, and aims to set out:-
 - The Council's aims and objectives for the use and management of its property, in order to further the delivery of corporate plans and priorities.
 - The organisational framework within the Council which provides the strategic, operational and investment advice needed to run the Portfolio.
 - The principles, policy and strategy for holding operational and non-operational property, releasing and disposing of surplus assets, and making investment in new acquisitions.
 - The make-up of the Council's asset base, its financial worth and revenue returns, operational performance, condition and maintenance position.
 - The Governmental position and economic climate within which the Portfolio operates and the constraints and influences which bear on the way property is held and managed.
 - How the Council challenges and reviews the Portfolio in order to better use and manage its assets to deliver public services.
- 1.5. Recognising the need to more effectively manage and utilise its property assets the Council has considered various options to improve the running of the Portfolio in order to better meet the operational, investment and economic development goals of the Authority. This re-assessment resulted in the Asset Review Business Plan, approved by Council in January 2011, which reclassified the Portfolio into three distinct categories, (Operational, Investment and Economic Development property), each with a clear focus and differing business objectives.

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

- 1.6. As part of the Asset Review there has been an appraisal of the non-operational properties that the Council own, to determine if they are fit for purpose and meet the Council's overall investment objectives. This identified a requirement to rationalise and consolidate these assets and a programme of disposals is in hand, over a four year period, to re-engineer the investment portfolio. This will release latent value and generate capital receipts which will be reinvested in new assets or other funding opportunities in order to yield a better revenue return for the Council. The Disposal Programme is into its fifth year and the Management Plan reports and updates on the position and the delivery performance.
- 1.7. The Council has also been looking at its operational assets, in conjunction with the business changes which have come about through service transformation. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income from this part of the portfolio. The AMP reports on progress and the position with this and identifies future areas for review.

2. PROPOSALS

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

- The Asset Review Business Plan & Disposal Programme – progress on the implementation of the Plan, the impact on the Portfolio and its future management.
- Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels.
- Performance of the assets – an update to the National and Local Performance Indicators used to gauge how the Portfolio is doing.
- Condition of the Portfolio – the standard of our properties, current maintenance backlog and where it lays, its suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency.
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property used for back office or front line service delivery.
- Capital Schemes and Maintenance Budget – where the expenditure is going to sustain, maintain and improve the Portfolio.

- Government Policy and Statutory Responsibilities – additional guidance and how this affects local authority owned property.
- Market conditions and the economy – how this will impact on the Portfolio and the delivery of the Disposal Plan.
- Property acquisitions – what has been done to implement the Business Plan proposal and requirement to reinvest in assets which will produce income to maintain service delivery, support economic development initiatives and deliver operational services.

3. CONSULTATION

- 3.1. Internally via the Council's corporate structures and processes. The Draft Plan will go to Resources Overview & Scrutiny Panel on 6 August for consideration, comment and feedback.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

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

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Barbara Vernon

Ext: 7422

**Appendices Draft Asset Management Plan 2015 - 2020
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – None

Community Engagement – None

Economic Development – None

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

Local Environment – None

Resources –The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2015/16 to 2019/20.



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2015 – 2020

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1. Purpose of the Plan and what it covers

The Asset Management Plan is a key document which sets out the Council's approach to managing its land and property assets, providing information about the overall performance of the asset base, and how it is being used and reviewed to allow us to meet tough financial targets whilst ensuring the residents of Carlisle receive the services they need most.

The Plan aims to demonstrate a Council-wide approach to managing assets as a corporate resource that is fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

The Council has been undergoing radical transformation to achieve substantial cost savings and to reduce the base budget over a 5 year period by £6.0 million. The Plan describes the current organisational and reporting structure and how the Council's strategies and policies for its property portfolio support the Carlisle Plan priorities and Directorate Service Plans.

The Plan takes account of, and links into, the Council's Medium Term Financial Plan and the Capital Strategy, which provides guidance on the Capital Programme and use of resources.

The Plan aims to summarise current and longer term objectives by using property assets more effectively, developing a planned approach to the management of the Council's assets linked to corporate priorities.

The Plan sets out the Council's policy principles and strategies for the use of assets in order to have a flexible approach to asset ownership and outlines the existing portfolio and how performance is monitored, reviewed and challenged to enable us to secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.

2. The Council

Carlisle City Council delivers services to around 108,000 people and for the year 2015/16 has a net revenue budget of £12.411 million and capital expenditure of £7.199 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £4.5 million per annum, from its non-operational property, and a net asset value, taking account of depreciation, of circa £121 million. The income is

comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

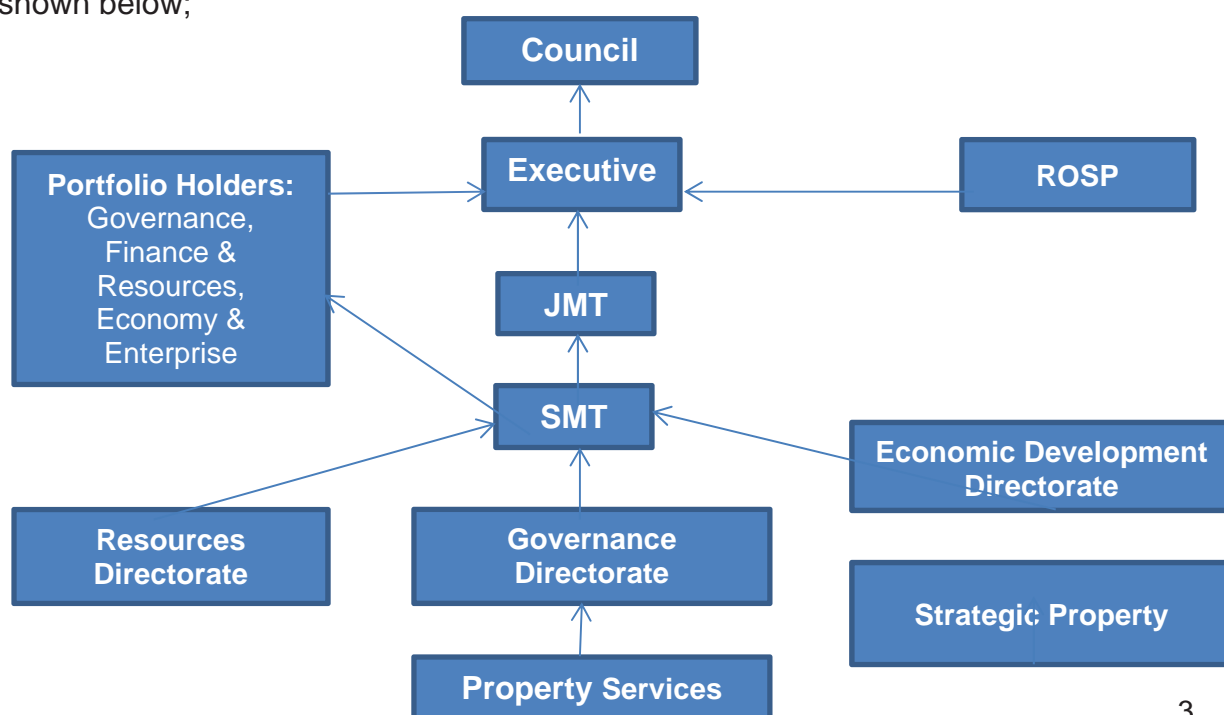
3. Organisational Framework

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

The framework put in place as part of the recommendations of the Asset Review Business Plan is evolving; recently following a review of Directorate responsibilities the Property Services and Building Services team has become part of the Governance Directorate. Collectively these teams now assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

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

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Finance, Governance & Resources, Economy & Enterprise, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council. The Organisational Framework is constantly developing, however the current framework and reporting structure is shown below;



4. Council Policies and Strategies

4.1 The Corporate Plan

The Carlisle Plan is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it is a statement of the key actions for the Council and likely outcomes for communities. The Carlisle Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The Carlisle Plan 2014/17 sets out the Council's vision for the City *"to promote Carlisle as a prosperous City, one in which we can all be proud"*. The Plan identifies the actions and timetabling for delivering the key priorities for the Council to:-

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

4.2 The Community Plan

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

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

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

4.3 Directorate Service Plans

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

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

4.4 Other Corporate Strategies, Plans and Policies

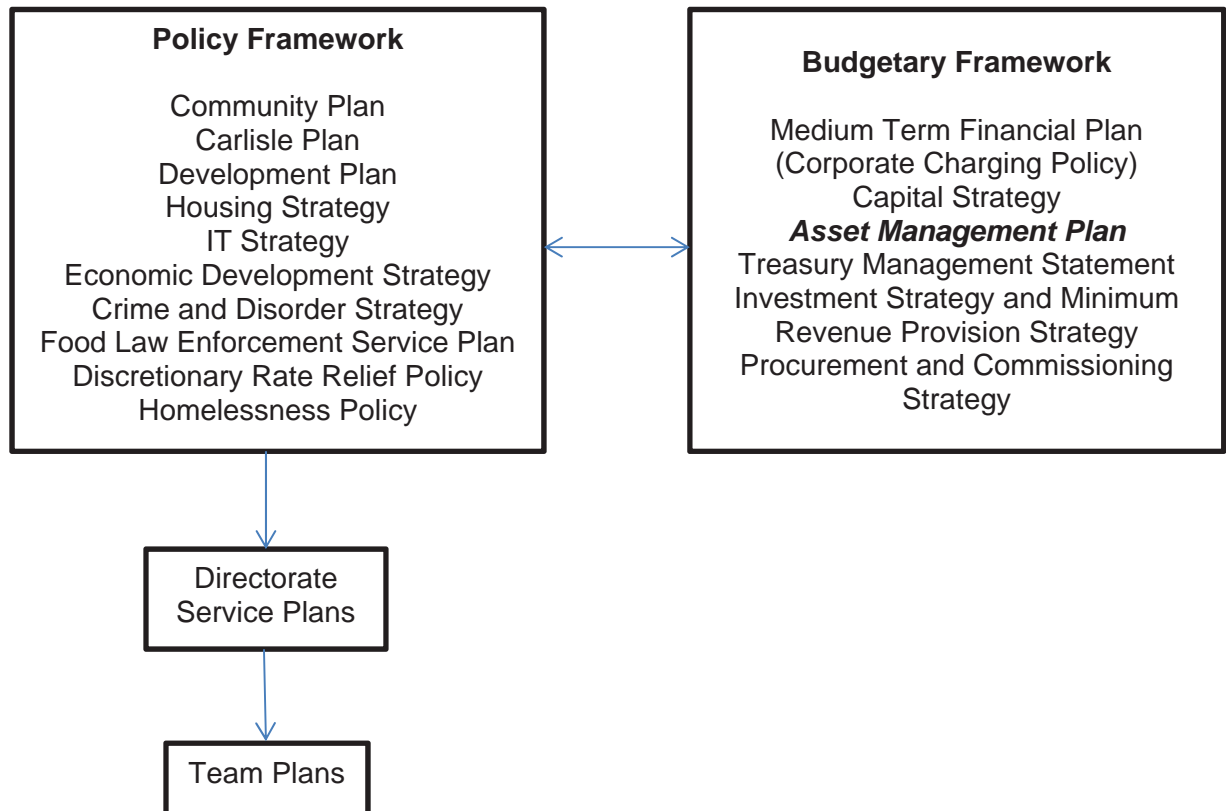
The Medium Term Financial Plan (MTFP) takes account of other Plans and Strategies of the Council, which have a potential impact on the use of resources. In particular consideration is given to the following key strategies: -

- The Capital Strategy (CS), which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which set out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy.
- The Local Plan which is currently in the process of review.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- The Digital Strategy which sets out the Council's approach to technology from 2015 to 2020 and describes how the strategic adoption of cloud platforms and digital techniques will allow the organisation to become more citizen focused, flexible collaborative and efficient.

- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4.5 Policy and Budgetary Frameworks

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks and where the Asset Management Plan sits within those frameworks.



5. Aims, Objectives and Delivery

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

The Council has a number of strategic objectives which are outlined below. These will be delivered by linking to corporate priorities, by benchmarking and performance measurement and by developing strategies linked to our Operational, Non-Operational, Surplus property portfolio, and Property Acquisition needs.

1. Identify all property which the Council owns or uses, compiling accurate records, establishing its value and the function it performs by ensuring a reliable and accurate property management system is in place which can be

ASSET MANAGEMENT PLAN 2015-2020

developed to embrace technological advances in data collection and recording, and by maintaining and continually updating information to enable decision making and support to the Council.

2. Make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, by identifying 'expensive' and obsolete' assets and ensuring assets are fit for purpose and sustainable.
3. Effectively respond to the changing property requirements of service delivery improvements, by 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 following full life costings.
4. Provide a transparent basis for property investment decisions, through the Capital Programme, and have a planned approach to the management of the Council's assets, aligned to corporate objectives.
5. Ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio by undertaking health and safety risk assessments and customer satisfaction surveys.
6. Apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
7. Support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP) by improving energy efficiency through the use of renewable sources and setting targets for carbon reduction
8. Promote and encourage community and partnership use of assets by identifying changes to operational asset requirements giving rise to opportunities for shared services and liaising with partners and by working closely with the community.
9. Link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy by identifying investment opportunities to improve income yields and through the disposal of surplus assets to achieve a capital receipt.
10. Provide sustainable planned maintenance programmes for a 5-year period by undertaking condition surveys.

6. Performance Monitoring

The Council reviews the performance of its property through its Performance Framework, further developing SMART indicators to accurately measure the contribution property makes to achieve corporate objectives in the Carlisle Plan.

An annual exercise is undertaken to collect property information to measure performance. The suite of Performance Indicators (PI's) set out in Appendices I and II of this Plan has allowed the Authority to improve the monitoring of asset performance, illustrate improvements, and identify shortcomings.

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

The Authority is a member of the CIPFA IPF Asset Management Plan Network. Current best practice is to use the National Property Performance Indicators (NAPPMI) set out in Appendix I. The indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO₂ emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio have not yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators, shown in Appendix II, which measure occupancy rates for the let estate and disability access to our buildings. We are also looking to develop indicators to measure outputs from the Economic Development portfolio. It is anticipated that reporting of these indicators will commence next year.

7. Property Strategies and Principles

7.1 Operational Property Strategy

- The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost.
- All operational property will be efficient and effective in supporting delivery of the Council's priorities.

ASSET MANAGEMENT PLAN 2015-2020

- The Council will occupy freehold property where appropriate; will hold leasehold property only when necessary to deliver accommodation on a flexible basis, or when freehold is not available, following full life costing.
- The Council will develop partnership working with local authorities, public sector bodies, the community and voluntary sector to co-locate and share services, and where appropriate use its assets with the private sector to deliver services.
- Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes whole life costing.
- **Investment Principles:**

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use by the Council, and the investment;
 - enhances service delivery,
 - improves environmental sustainability,
 - improves utilisation,
 - increases efficiency,
 - adds value,
 - addresses statutory obligations.

7.2 Non-Operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.

- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

- **Investment Principles:**

Commercial property will only be held where;

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

7.3 Surplus Property Strategy

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

The following policy principles will be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts in line with the Capital Strategy and Medium Term Financial Plan.

- **Surplus Property Principles**

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

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

7.4 Property Acquisition Strategy

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

Property will only be acquired in the following circumstances:

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

8. Government Policy and Statutory Responsibilities

In recent years Government Guidance has increased dramatically on asset management and should be considered alongside the Audit Commission Use of Resources Guidance.

The last Government's Spending Review (2010) committed to "*Delivering a step change in the management of the public sector asset base*". More specifically, the spending review focused on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim was to maximise value from assets through disposing of assets no longer required for service delivery, Improving the management and utilisation of retained assets, and basing future investment

decisions on a more complete assessment of the condition and performance of the existing asset base.

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

The Government Property Unit (GPU) was established in 2010 as part of the Cabinet Office. The unit has central oversight over all government land and property, and works collaboratively across the Civil Service. In June 2013 the Government published its first estate strategy – Government Estate Strategy: Delivering a Modern Estate. In October 2014 a further strategy was published expanding the scope of the work. This aims to use the estate to provide value for money, deliver better integrated public services and act as an enabler for growth. The Government Estate Strategy was developed by the Government Property Unit working with estate teams across Whitehall with the initial pilot involving 12 Councils with the next stage involving a further 20 Councils. The Strategy sets out ways of making savings and improving the efficiency of the central civil estate and looks at plans for better co-ordination across the whole of the public sector estate.

The Government is promoting the community management and ownership of public sector assets through the Localism Act 2011 which builds on recommendations from the Quirk Review in 2007. The initiatives which have an effect on Local Authority property and service provision are;

- 'Community Right to Bid' where 'Assets of Community Value' can be registered which, if the asset is to be sold, allows the community time to raise capital to purchase the asset. The Council now holds a register of 'Assets of Community Value'.
- 'Community Right to Challenge' gives community groups, parish councils and local authority employees the right to submit an "expression of interest" in taking over and running a local authority service. The local authority must consider and respond to the challenge. If the local authority accepts the challenge they must then run a procurement exercise in which organisations – including those that challenged the delivery of the service but also private companies – can bid to take over the running of the service.
- 'Community Right to Build' allows local communities to undertake small-scale, site-specific, community-led developments and the freedom to build new

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homes, shops, businesses or facilities where they want them, without going through the normal planning application process.

- 'Community Right to Reclaim Land' helps communities to improve their local area by giving them the right to ask that under-used or unused land owned by Councils and other public bodies is sold so that it can be brought back into use.
- 'Community Asset Transfer' enables community or voluntary groups to seek to acquire a Local Authority owned property at less than best value, usually by way of a lease, to promote local social, economic and or environmental objectives.

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

In 2008, the Government passed the Climate Change Bill setting ambitious targets for carbon reduction. In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan was developed with support from the Carbon Trust. Along with other Cumbrian Authorities the City Council set a target to reduce carbon emissions by 25% from its buildings, street lighting and transport related functions by April 2013, against a 2007/08 baseline of 6,015 (Note: Figure updated, July 2014 based on new conversion factors) tonnes of carbon. Emissions from buildings accounted for 71% of the carbon baseline. The data recorded shows a steady reduction in emissions up to 2011/12 by which time a 20% reduction had been achieved compared to the base year. However in 2012/13 the level of emissions rose back to 15% below the base year, improving again to reach a 19.6% reduction in 2013/14. Projected data (not all figures are available yet, July 2015) for 2014/15 shows an improvement to around 24% less than the base year. Overall this shows an average of 20% over the past 4 years. The emissions are to some extent weather dependent as the consumption of energy for space heating is linked to external temperatures. The trend is generally upwards and it is anticipated that the target will be eventually be reached, however it could take a few more years.

9. The Resource Context: Value for Money

The Audit Commission used to measure how well an organisation managed its resources and delivered value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment. This considered *“how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs”*.

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

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

10. Changes in the External Environment and Implications for Property

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

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

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

It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market.

These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

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

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

The changing economic climate, both at a national and local level, arising from the “credit crunch” in 2008, restricted borrowing regimes and the continued economic recession, is impacting on the local property market. The Government’s Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

The adjustment in values was most significant during 2008-2010. Since then the markets have continued to operate against low demand and over supply. Prices achieved have usually been driven by the circumstances of the parties and method of sale.

The improvement in the national economy in 2014 has seen price rises in the markets, especially the residential sector, in much of the country. Whilst there was increased activity in the local area and shorter marketing periods, there was little evidence of higher prices being achieved. There is some hope, however, for continued improvement in the markets as the economy moves out of recession.

There remains reasonable demand for well let commercial investments and also good quality residential investments, and an increasing demand for residential development opportunities as a hoped for increase in demand for completed schemes.

Apart from the effect of some structural changes to the way certain assets are held, the overall capital value of the portfolio has remained relatively static. There has been some upward and downward movement in market values for particular assets but, excepting the volatility attached to the Council’s retail development asset at Morton, overall this has balanced out to leave the position year on year relatively unchanged. The makeup of the investment portfolio is quite resilient but, rental income has fallen by roughly £250,000 (5%) since the peak of the market in

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2007/08. This mainly arises from the retail part of the portfolio and the influence of the Disposal Programme, although recently the retail market has shown faint signs that it may have bottomed out and stabilised but, undoubtedly it will be several years before any real growth materialises and, when this does arise, it will be slight.

11. The Existing Portfolio and Current Performance

11.1 Gross Asset Value as at 31 March 2015

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	81	60	2	215
Total income	£22,885	£2,490,967	£4,543,280	£43,400	£7,100,532
Capital value	£3,930,748	£29,773,699	£87,510,500	£590,000	£121,804,947
Capital Expenditure	£100,021	£1,319,066	£3,756,799	-	£5,175,886
Asset Reserve			£360,000		£360,000
Maintenance backlog		£2,770,100	£2,000,000	-	£4,770,100

NB The total capital spend in 2014/15 was £7.81million. However this did not all relate to property assets, £1.9 million was Revenue Expenditure Funded from Capital Under Statute which included capital works on assets not owned by the Council.

The figure for the maintenance backlog on the operational buildings is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure is largely the same as last year. This is mainly as a result of remedial work carried out under the capital works programme, the budget for the capital schemes special project fund reducing by 50% to £150,000, and is also affected by the disposal and acquisition of assets. It is anticipated however, that the reduction in the capital schemes special project fund to £150,000 per year will begin to affect future figures.

The figure for the non-operational backlog relates to historical infrastructure costs associated with our industrial estate ground rent portfolio and has not been reviewed for a number of years. There is a suspicion this figure has come down, due to the disposal programme and the capital expenditure which has gone into infrastructure

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improvements on the Kingstown, Durranshill and Willowholme Industrial Estates over the last few years but, as there is no recent survey data available, this notion can't be substantiated with evidence.

11.2 Maintenance Backlog

	15/16	16/17	17/18	18/19	19/20
Total Revenue Budget	£724,400	£724,400	£724,400	£724,400	£724,400
Capital Schemes Special Projects	£150,000	£150,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 :24

Based upon property condition surveys, an annual planned maintenance programme has been established for all operational assets. There is a maintenance backlog; currently £2,770,100 for the portfolio of operational buildings, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 3 year programme of planned and reactive maintenance on 10 November 2014 (report reference RD39/14). In condition category terms the split is as follows:-

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

Improvements in the operational portfolio are mainly due to the upgrading of the Old Town Hall, the new families hostel at Water Street and disposal/demolition of assets in the lower condition categories.

11.3 Energy Efficiency

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects has been carried out with significant investment in recent years. In the last year the amount of investment has been less than in previous years, however contributions have been made by improving the levels of insulation in pitched and flat roofs at the Enterprise Centre and Tullie House, by replacing old single-glazed roof lights with new double-glazed and insulated roof lights at the Civic Centre and by continuing to replace old lighting in the Civic Centre with new smart lighting. The sale of Stafffield House contributed to a reduction in our carbon emissions.

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.

11.4 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 (RD 39/14) was presented to the Executive on the 10th November 2014 with proposals for capital investment for planned major repairs. The business case identified 7 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2015/16 has been allocated as follows:-

PROJECT	COST	PRIORITY
Civic Centre – Replace roof covering and rooflights over Executive Room	£40,000	Health and Safety / Energy Conservation
Herbert Atkinson House – Re-slate roof	£20,000	Conservation / Asset protection
Irish Gate Bridge – replace hydraulics and doors south side lift	£40,000	Asset protection
Castle Banks – rebuild leaning part of wall	£5,000	Health and Safety / Heritage Conservation

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West Walls – Stone repairs and underpinning of historic City Wall	£20,000	Health and Safety / Heritage Conservation
Bousteads Grassing – Demolish lighting store building area	£15,000	Health and Safety / Energy Conservation
Upperby Cemetery – Demolish toilet building	£10,000	Health and Safety/Energy Conservation
TOTAL	£150,000	

12. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.
2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.
3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which through rationalisation is becoming more efficient but has considerable further potential.
4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.
5. The opportunity has been grasped to take a more dynamic and commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency.

12.1 Accommodation Review

An Accommodation Review, an integral part of the Transformation Programme, to review corporate accommodation, both back office and front public facing service delivery properties is underway. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority. It seeks to deliver effective and efficient

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accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible. The project will be on going over several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

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

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

- Centralisation of back office delivery with the closure and demolition of part of Boustead's Grassing and transfer of staff to the Civic Centre;
- Improved space utilisation in the Civic Centre;
- Continued development of the Customer Contact Centre as a public service centre hub;
- The letting and sharing of office space with other public sector providers;
- An interim rationalisation of the Councils Depots, Willowholme Depot has been sold and parts demolished;
- The provision of a new Women's and Family Hostel in Water Street to replace the former facility Staffield House, which has been sold.

The challenges going forward are to further examine space utilisation in the Civic Centre; the continued reduction in staff during 2013/14 has led to a reduction in the occupancy rate and increased costs per full time employee (FTE), and to find new occupiers to share the surplus accommodation, reduce overall costs in use, and compliment the Council's ambitions to improve public access to a wider range of customer services through the Contact Centre. Also, with the recent transfer of retained Highway Rights back to the County Council there is a need, in the light of

future service requirements, to further examine the utilisation and retention of Boustead's Grassing as a sustainable Depot and the possible requirement for alternative provision.

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

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

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

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

1. Operational Assets –needed to carry out the Council's business and deliver services or are retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose;
2. Economic Development Assets –identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District;
3. Investment Assets –to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and

the overarching strategic asset management. These changes are taking place within the context of the Transformation Programme.

12.3 Disposal Programme

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

Outcomes:

In line with expectations individual asset receipts have produced results on, below and above target figures. To date 32 assets have been sold realising total gross receipts of circa £9.6 million. Overall the returns show an increase of approximately 15% (Morton excluded) above the business plan estimates.

The market appears to be hardening for certain types of asset; at this juncture in the programme there is no reason to suspect the current trends and levels of return will not continue however, we have adopted a conservative approach and these increases have not been built into future sale projections. The programme plan for this year 2015/16 has been refreshed and re profiled, it aims to deliver circa £860,000 in capital receipts from the disposal of 5 assets. It also looks at the future release and disposal of assets with potential to supply land for future housing development, into the private and social housing sectors.

12.4 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 ownership and land holdings in Rickergate with the acquisition of properties in the Warwick St area. This includes Herbert Atkinson House adjoining Tullie House and the Old Carlisle Fire Station, which following a scheme of refurbishment and capital improvements is now an Arts Centre for the City.

Purchases into the investment portfolio have been undertaken with the acquisition of a leasehold interest in the Woolworths Building and employment land at Morton.

Other options and opportunities are being investigated. The Council is also examining the options and feasibility for alternative approaches to the asset and estate management of its investment land holdings at Kingstown and Parkhouse.

12.5 Economic Development Portfolio

The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

Major road infrastructure improvements are to commence shortly at Durrhill Industrial Estate following grant support being obtained from Cumbria LEP (£2,000,000) and the Homes and Communities Agency (£250,000). It is estimated the improvements could create 200 FTE's.

Rosehill car park has recently been sold to H&H Group who propose a major redevelopment which will include a new retail unit for Pioneer, a 350 space car park and 20,000 sq. ft. of Industrial units. The proposals will create 50 FTE's.

13. Summary


1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.
2. Members are aware and have approved a plan to address backlog maintenance.
3. Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.
4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.
5. The Council's asset base has considerable latent value, which if unlocked through the new Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.

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

APPENDIX I

NATIONAL PROPERTY PERFORMANCE INDICATORS

APPENDIX I

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	Appendix : Property Performance Indicators		
COPROP Property Management Initiative Property Performance Indicators (PMI's)			
PMI 1A: % gross internal floor-space in condition categories A- D			
	Mar-13	Mar-14	Mar-15
(a) Schools: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(b) Other Land & Buildings: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	50.8 31.4 12.5 5.3	59.3 28.8 11.0 0.9	59.3 28.8 11.0 0.9
(c) Community Assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(d) Non-operational assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	0 30.7 0.8 68.5	0 27.8 7.3 64.9	0 27.8 7.3 64.9
Objective:- To measure the condition of the asset for its current use			
Definitions:- A: Good – Performing as intended and operating efficiently B: Satisfactory – Performing as intended but showing minor deterioration C: Poor – Showing major defects and/or not operating as intended D: Bad – Life expired and/or serious risk of imminent failure			
Comments:- We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The marginal overall shift in improvement on the operational properties from 2013 is due to the new buildings coming into the portfolio such as the Water Street accommodation and the disposal of Staffield House. The decline in performance of the non-operational portfolio, also from			

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2013, is largely due to the relatively high proportion of poor quality assets left on the books as a consequence of the disposal programme. For example, the Enterprise Centre now accounts for 65% of non-operational floor space.



Asset Management Plan

Appendix : Property Performance Indicators

PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m² GIA

	Mar-13		Mar-14		Mar-15	
	£	%	£	%	£	%
(a) Schools						
Urgent repairs (priority 1)						
Essential repairs (priority 2)						
Desirable repairs (priority 3)						
Total						
Overall Cost per m ² GIA						
(b) Other Land & Buildings						
Urgent repairs (priority 1)	325,600	15	183,000	10	111,000	7
Essential repairs (priority 2)	1,460,425	68	1,449,000	73	1,074,100	65
Desirable repairs (priority 3)	353,600	17	341,100	17	459,000	28
Total	2,139,625	100	1,973,100	100	1,644,600	100
Overall Cost per m ² GIA	41.59		36.82		32.47	
(c) Community Assets:						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m ² GIA	n/a		n/a		n/a	
(d) Non-operational Assets:						
Urgent repairs (priority 1)	0	0	0	0	0	0
Essential repairs (priority 2)	561,000	68	516,000	66	525,000	62
Desirable repairs (priority 3)	270,000	32	270,000	34	321,000	38
Total	831,000	100	786,000	100	846,000	100
Overall Cost per m ² GIA	124.03		118.32		127.35	

Objective:-

Measure required maintenance.

Definitions:-

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


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

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Desirable works required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.

Comments:-

Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Slightly improving overall picture to the operational portfolio as capital expenditure has been targeted at urgent work.

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year

	Mar-15
Total Required Maintenance	£2,770,100
Annual % Change in total required maintenance from previous year	0%

Objective:- Measure changes in spend on maintenance.

Definitions:-

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

Comments:-

The total backlog maintenance liability figure is the same as last year. This is likely to remain so, with the reduction in the capital schemes special project fund and reduced opportunities for disposal/replacement of high maintenance and costly properties.

PMI 1D: Maintenance Spend

		2013/14	2014/15
(i)	Total spend on maintenance	897,613	1,085,000
(ii)	Total spend on maintenance per m ² GIA	£14.90	£18.73
(iii)	Planned/reactive maintenance split	76%:24%	76% : 24%

Objective:- Show split in type of maintenance

Definition of Planned and Reactive Repairs:-



Planned – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.

Reactive – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.


To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

Comments:-

Increased annual spend partly reflects a budget contribution for Cenotaph & War memorials.


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PMI 2 A, B & C Environmental Property Issues				
		2012/13	2013/14	2014/15
A	Energy Cost – total spend (£)			
	Energy Total Consumption (kwh)	11,807,588	11,543,580	10,617,855
	Energy Cost per m ² (£/m ²)			
	Energy Consumption per m ²	324.76	317.5	300.98
B	Water Cost – total spend (£)			
	Water Total Consumption (m ³)	7,930	8,635	7,955
	Water Cost per m ² (£/m ²)			
	Water Consumption per m ² (m ³ /m ²)	0.89	0.97	0.96
C	CO2 Total Emissions (kg CO ²)	3,265,622	3,141,560	2,812,122
	CO2 total Emissions/m ² (kg CO ² /m ²)	89.82	86.4	78.99
Objective:- To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.				
Definitions:- To reduce environmental impacts of operational property. To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement. To compliment the process for 'Energy Certificates'. To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.				
Comments:- Although generally recognised that energy costs are increasing the effect of this has been offset by a large reduction in consumption. This is attributable to energy saving conservation projects which have been adopted but also due to shrinking operations arising from the Transformation process. Consumption figures are always influenced by the weather conditions. The encouraging continued drop in consumption over the two previous years is positive.				


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

	<u>Mar-13</u>	<u>Mar-14</u>	<u>Mar-15</u>
% of Portfolio by GIA m ² for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available
Objective:- For Local Authorities to carry out Suitability Surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service deliveries i.e. are they fit for purpose.			
Definitions:- To be reported for all operational buildings (excluding Schools) occupied by the Local Authority. To ensure that the property meets the needs of the user. To enable key decisions to be made.			
Comments:- Suitability surveys will be undertaken on a phased basis as and when resources allow.			

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PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-14	Mar-15
A	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	80%	80%
B	Number of properties for which an Access Audit has been undertaken by a competent person	37	37
C	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	80%	80%
D	Number of properties for which there is an Accessibility Plan in place	37	37
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	84.8%	84.8%
Objective:- To monitor progress in providing access to buildings for people with disabilities.			
Definitions:- To monitor the progress at which Local Authorities carry out access audits. To enable key decisions to be made.			
Comments:- A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure.			

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PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio

		Mar-14	Mar-15
A1a	Operational office property as a percentage (% GIA m ²) of the total portfolio	19.33%	19.3%
A1b	Office space per head of population	0.11 sq m	0.11 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	78.2%	78.2%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	16 sq m	17.6 sq m
B2	Average floor space per workstation (not FTE)	12.13 sq m	12.13 sq m
B3	Annual property cost per workstation (not FTE)	£1162.99	£1162.99

Objective:-

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

Definitions:-

To identify the intensity of use of space.

To assist councils to identify and minimise assets which are surplus or not in use.

To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.

To measure the level of usage.


Net Internal Area (NIA): The usable area within a building measured to the internal face of the perimeter walls at each floor level.

Net Office Space (NOS): NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.


Full Time Equivalent (FTE): No of staff based in the building expressed in full time equivalent terms.

Comments:-

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

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	Appendix : Property Performance Indicators

PMI 6: Spend		
	Mar-14	Mar-15
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.74%	3.61%
Gross Property Costs per m ² GIA by CIPFA Categories/Types:	£/m2	£/m2
Schools		
Operational Buildings	31.96	42.07
Community Assets	N/A	N/A
Non-operational Assets	17.47	16.06
Objective:- To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.		
Comments:- Total running costs show an increase on last year's figures as a proportion of the total gross revenue budget, this is mainly associated with the increased spend on capital projects such as the refurbishment of the TIC accommodation within the Old Hall.		

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	Appendix : Property Performance Indicators

PMI 7 A, B, C & D: Time & Cost Predictability		Mar-14	Mar-15
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	90%	90%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	90%	90%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	100%	100%
Objective:- To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional "local" indicators to start the measures at an earlier stage.			
Comments:- A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result. In respect of (A) the 90% outturn figure reflects the unusually lengthy internal consultation/design process for the Old Fire Station Arts Centre scheme. In respect of (C), the 90% outturn figure reflects that the Old Fire Station Arts Centre tender came in over budget, but after value engineering it was brought in under budget			

APPENDIX II

LOCAL PERFORMANCE INDICATORS

APPENDIX II

Local Performance Indicators

Indicator	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Target	14/15 Actual	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	83.8%	83.9%	84.4%	84.8%	85%	84.8%	A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure. Improved performance on the remaining buildings will be increasingly difficult to achieve due to capital costs and the nature of the portfolio i.e. Listed Buildings.
MI 931 C1 Maximise the occupancy of Council's commercially let business units	88.03%	87.87%	85.92%	82.01%	90%	76.59%	The target going forward remains the same reflecting the unchanged market conditions. The acquisition of a vacant unit plus disposal of a number of relatively well let workshop units, has impacted negatively on this indicator.