

2018/19 BUDGET REPORTS

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

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

Executive	20 November 2017
Health and Wellbeing Scrutiny Panel	23 November 2017
Economic Growth Scrutiny Panel	30 November 2017
Business and Transformation Scrutiny Panel	5 December 2017
Executive (Special)	11 December 2017
Executive	18 December 2017
Business and Transformation Scrutiny Panel	4 January 2018
Executive	17 January 2018
Council (Special)	6 February 2018

2018/19 BUDGET REPORTS

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Report to Executive

Agenda
Item:

A.1 (a)

Meeting Date: 20 November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD23/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2018/19 TO 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD31/17

Purpose / Summary:

This report provides a summary of the Council’s revised revenue base estimates for 2017/18, together with base estimates for 2018/19 and forecasts up to 2022/23 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 2017/18 and base estimates for 2018/19;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2018/19 budget process;
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix G.

Tracking

Executive:	20 November 2017, 18 December 2017
Overview and Scrutiny:	BTSP 05/12/17; HWSP 23/11/17; EGSP 30/11/17
Council:	

1. INTRODUCTION

- 1.1. This report considers the revised base estimates for 2017/18 together with the estimates for 2018/19. 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 12 September 2017:
 - ◆ 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 - 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 2018.

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 2017/18 and 2018/19 with projections to 2022/23. The 2017/18 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	2017/18 Original £000	2017/18 Revised £000	2018/19 Original £000	2019/20 Proj £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000
Net Base Budget Parish Precepts (PP)	11,528 582	11,989 582	10,894 544	11,231 558	11,115 572	11,846 586	12,337 600
Total	12,110	12,571	11,438	11,789	11,687	12,432	12,937
Original MTFP Projections	12,110	12,110	11,438	11,789	11,687	12,432	12,937
Variance	0	461	0	0	0	0	0
Analysis of Variance:							
Non-Recurring:							
IT Renewals Reserve	0	214	0	0	0	0	0
Leisure Reserve		31					
Revenue Grants Reserve		96					
Cremator Reserve		(41)					
Building Control Reserve		32					
Carry Forward Reserve		50					
GLL Reserve		69					
Promoting Carlisle Reserve		10					
Total Variance	0	461	0	0	0	0	0

2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that a number of income streams are reporting variances against projected levels in the current financial year and there may be other cost pressures or savings which may have a recurring impact; however, officers are reviewing the existing base budget provisions to ensure that the services can be provided within these provisions with the position for 2018/19 onwards being considered during this budget process.

2.4. **Appendix B** details the movements between the Original Budget for 2017/18 and the Original Budget for 2018/19 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
2017/18	151	(578)	490	0	63
2018/19	(75)	(323)	0	0	(398)
2019/20	616	(690)	0	0	(74)
2020/21	127	(585)	0	0	(458)
2021/22	108	(124)	0	0	(16)
2022/23	218	0	0	0	218

3.2 Other than the minor changes detailed at paragraph 2 there have been no major revisions to the budgets at this stage. The revised estimates for 2017/18 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 2017/18 Local Government Finance Settlement confirmed by the Secretary of State in January 2017 and are based upon the acceptance of the offer of a four-year funding settlement.

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 2018/19 and that the Council Tax Reduction Scheme parameters will continue as outlined elsewhere on this agenda.

Further details on the Government announcement that Local Authorities will retain 100% of Business Rates from 2020 are still unknown although more details are slowly emerging with applications being sought from areas to participate in a pilot of 100% retention in 2018/19. Cumbria has submitted an application to be a part of this pilot with the outcome likely to be known in early December. It is expected that the referendum limit will remain for Council Tax increases, however, District Councils are being given the option of raising Council Tax by the greater of 2% or £5. Further details on Local taxation are considered elsewhere on this agenda in report RD33/17.

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 the areas where the savings will be made are detailed in **Appendix C**. This also includes the savings required from the base budget review.

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 2018/19 onwards. The resources projections assume:

- A continued reduction in Government Grant allocation in 2018/19 onwards as a result of the acceptance of the four-year settlement.
- A £5 (Band D equivalent) Council Tax increase for 2018/19 onwards.
- A Council Tax Surplus for 2018/19 onwards of £50,000. The actual figure for 2018/19 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £750,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2018/19 rising to £900,000 in 2019/20.
- An assumed tax base of 33,019.78 for 2018/19. The final tax base for 2018/19 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2018/19 is for a total of £544,000 (including approximately £14,000 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 £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.

5.2 Homelessness Additional Resources - £60,000 Recurring Pressure

This pressure will provide additional staff resources (2FTE) for the homelessness service to ensure effective and safe operational delivery of a 24 hour service.

5.3 Information Governance Manager - £56,000 Recurring Pressure

New Data Protection Regulations come into force on 1 April 2018 with increased requirements to ensure information and data is managed securely and appropriately with increases in the potential for fines for data breaches. The new regulations place a statutory duty to have a designated officer responsible for data protection and information governance.

5.4 Legal Services Support - £29,000 Recurring Pressure

Additional resources are required to enable the legal services team to continue to support the growth activities the Council is undertaking. This will include contractual arrangements, external funding arrangements and management of assets and equates to a 0.60FTE post.

5.5 Land Charges Income Shortfalls - £30,000 Recurring Pressure

The amount of income collected from Land Charge searches has reduced over the years due to the rise in the number of searches being carried out by Personal Search Companies who can use the Council's data to provide a cheaper service. Therefore, demand for the Council's own service has reduced. Further details can be found elsewhere on the agenda (GD66/17).

5.6 Information Technology - £86,000 Recurring Pressure

There are requirements to spend additional resources to ensure the Council's IT environment remains secure and compliant. This additional pressure will ensure that the Council complies with regulations around taking payments by debit and credit card, which if no action was taken could result in fines and banking facilities being removed. The pressure also provides for an IT security specialist post and associated security event management software.

5.7 Increased Pay Award Provision - £135,000 Non- Recurring 2 year Pressure

The MTFP includes provision for pay awards at 1% for 2018/19 and 2019/20, then 2% per annum thereafter. This pressure increases the provision to 2% for 2018/19 and 2019/20 following potential easing of the public sector pay cap.

5.8 Leisure Contract Subsidy - £216,000 Pressure changing to £456,000 saving

The new leisure contract has recently been re-tendered and the new contract values agreed. The MTFP includes a £329,000 recurring saving to be achieved in 2018/19 onwards, which reduces the annual subsidy budget to £465,000 per annum.

However, until a new facility is built, there will continue to be a subsidy payable to the operators of £680,000. Once built this subsidy will change to a net concession fee payable to the Council resulting in additional savings of £456,000 from 2022/23 which will increase further in future years.

5.9 Apprentices - £60,000 Recurring Pressure

This provides a central resource to fund the salary costs of apprentices. The Council makes use of the Apprenticeship levy for the training of apprentices and presently staff costs are found from existing base budgets when required.

5.10 Economic Investment Initiatives - £235,000 Non-Recurring Pressure

This pressure relates to economic investment initiatives that the Council wishes to pursue, such as Borderlands, Business Interaction Centre, Development Brief for Morton District Centre, Promotion of Central Plaza Redevelopment and promotion of City Centre redevelopment options. This pot will give resources to provide funding to develop these initiatives. It is proposed to fund this pressure from the carry forward reserve that was established in 2015/16.

5.11 Sexual Assault Referral Service Grant - £20,000 Non-Recurring 2 year Pressure

Continuation of the grant to match fund sexual assault referral service projects by Cumbria Police.

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

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 2018/19 to date.

6.3 Bring Site Savings - £18,000 Saving

Funding that was set aside for the repayment of capital for a replacement vehicle is no longer required following the rethinking waste project and the budget realignment exercise that was undertaken. Therefore, this funding can be taken as a saving.

6.4 Tullie House Productivity Review - £300,000 Saving

A recent productivity report, jointly commissioned with Tullie House Museum & Art Gallery Trust, identified that a further £300,000 per annum could be saved from the subsidy currently provided to the Trust, effective from 2020/21.

6.6 Business Rate Income - £500,000 Income

The Council has included additional income over and above the baseline level in the Medium Term Financial Plan and has consistently over achieved these targets since the introduction of rates retention at each outturn position. It is forecasting that this growth will continue, therefore this income budget can be increased. As the outcome of the full rates retention scheme is unknown for 2020, it is not proposed to increase this income beyond 2019/20.

6.7 Building Control Income - £23,000 Income

The charges report (ED38/17) proposes new discretionary charges for building control that will generate additional income.

6.8 Market Hall - £92,000 saving from 2021/22

A revenue contribution was made to the capital programme for five years to repay the capital cost of the Market Hall Roof works. The capital is fully repaid from 2020/21 therefore a saving will accrue.

7. TREASURY MANAGEMENT AND BORROWING

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

Potential Debt Management Costs – Leisure Development

Any borrowing costs associated with the leisure development are assumed to begin in 2019/20 as shown in report RD32/17 elsewhere on this agenda. Borrowing costs

based on a 25-year loan of £12million using latest Public Works Loan Board rate forecasts (currently 3.2%) would be as follows:

Equal Instalments of Principal Loan

Principal Repaid each year -	£480,000
1 st year interest payment -	<u>£384,000</u>
Total 1 st year payment -	£864,000

Overall Cost of Borrowing - £16,992,000

Interest Only Loan

1 st year interest payment -	£384,000
Minimum Revenue Provision (3%)	<u>£360,000</u> (illustrative)
Total 1 st year payment -	£744,000

Overall Cost of Borrowing - £21,600,000

Once final costings for the scheme are known and spend profiles are planned, further consideration can be given to the overall amounts required to be borrowed externally, whether any internal borrowing can be undertaken and what the best repayment profiles will be to give the council security of payments together with flexibility of managing the debt. These considerations will be included in any report to Members outlining the proposed scheme.

Potential Debt Management Costs – Stock Issue

The Stock Issue loan of £15million is due to expire in 2020 and will need to be re-financed as it is on an interest only loan. Interest payments on this loan are based on a rate of 8.75% and equate to £1,318,000. Due to the high interest rate on this loan, early redemption is not cost effective and the premium that would be required to be paid would be prohibitive. Borrowing costs based on a 25-year loan of £15million using latest Public Works Loan Board rate forecasts (currently 3.2%) would be as follows:

Equal Instalments of Principal Loan

Principal Repaid each year -	£600,000
1 st year interest payment -	<u>£480,000</u>
Total 1 st year payment -	£1,080,000

Overall Cost of Borrowing - £21,240,000

Interest Only Loan

1 st year interest payment -	£480,000
Minimum Revenue Provision (3%)	<u>£450,000</u> (illustrative)
Total 1 st year payment -	£930,000

Overall Cost of Borrowing - £27,000,000

8. PROJECTED IMPACT ON REVENUE BALANCES

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

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

- 8.3 The Council's current levels of balances are set out in **Appendix F** and do **not** include any impact of the proposed pressures and savings outlined in this report. The Projects Reserve will be used as a first call for any projected revenue budget deficit however, maintaining the current level of reserves is dependent upon the achievement of the transformation savings. A risk based review of reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should remain at £2million.

9. REVIEW OF RESERVES AND BALANCES

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

9.3 Whilst it is primarily the responsibility of the local authority and its Chief Finance Officer to secure a stable financial position, external auditors have a responsibility to review the proper arrangements in place which secure financial resilience. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

9.4 CIPFA's view on reserves is that local authorities, on the advice of their finance directors, should make their own judgements on such matters taking into account all the relevant local circumstances, and that such circumstances vary.

9.5 Within the City Council, it is the full Council who are responsible for agreeing the level and utilisation of reserves, informed by the advice and judgement of the Chief Finance Officer. Where the Chief Finance Officers advice is not accepted this should be formally recorded in the Council minute.

9.6 Types of Reserves

9.6.1 Reserves can be held for three main purposes:

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

9.7 Current Reserves

9.7.1 The actual reserves as at 31 March 2017 held by the Council are set out in the following table. Further details of each reserve, including its purpose and how and when it can be used is given at **Appendix G**.

	Balance 31/03/2017 £
General Reserves:	
General Fund Reserve	2,000,000
Projects Reserve	1,089,000
Carry Forward Reserve	1,105,000
Earmarked Reserves:	
Transformation Reserve	150,000
Welfare Reform Reserve	200,000
Building Control Reserve	187,000
Cremator Replacement Reserve	756,000
Car Parking Reserve	107,000
City Centre Reserve	42,000
Economic Investment Reserve	6,000
Leisure Reserve	80,000
BRR Volatility Reserve	110,000
Flood Reserve	500,000
Repairs & Renewals Reserve	214,000
Revenues & Benefits Reserve	338,000
Prosecutions Reserve	21,000
Promoting Carlisle Reserve	30,000
Revenue Grants Reserve	865,000
	<hr/> 7,800,000
Capital Reserves	
Lanes Capital Fund	30,000
CLL Reserve	522,000
Asset Investment Reserve	48,000
	<hr/> 600,000

N.B Balances shown are the rounded balances as per the 2016/17 Balance Sheet.

9.8 Review and Potential Release of Reserves

- 9.8.1 As there are significant budgetary pressures on the Council in the coming years, all reserves have been reviewed to determine if they are adequate, still required and if there are any possibilities for releasing any funds back to General Fund.
- 9.8.2 **Appendix G** outlines the purpose, management and use of all reserves and provides a proposal as to the future of each reserve. Members are requested to consider the proposals and provide direction to officers.
- 9.8.3 A review of the Carry Forward Reserve has found that of the sums set aside for carry forwards at the end of 2015/16 to date £1,012,000 has still not been utilised. It is therefore proposed that the £235,000 currently held in the carry forward reserve be re-designated to the Economic Investment Reserve to be held to undertake the initiatives highlighted at paragraph 5.10.

9.9 Other Balances - Provisions

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

9.9.2 Current Provisions

The table below shows the balances on provisions at 31 March 2017.

	Actual Balance 31/03/2017 £
Business Rate Appeals	719,201
Insurance Provision	430,924
Rickergate Rinfenced Account	203,806
Land Charges Provision	132,962
Cemeteries Perpetuity Fund	74,787
Licensing Appeals	20,200
Standards Committee Complaints	10,000
Property Deposits	12,150
Market Hall Deposits	8,747
Enterprise Centre Deposits	5,901
Licensing Deposits	7,100
Bequests	
Local Distress Fund	10,011
Parker Bequest	1,346
District Nursing Bequest	7,178
	<hr/> 1,644,313

10. **SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2018/19 to 2022/23**

10.1 The current budget projections for the next five-year period are challenging and continue to show the requirement for substantial savings to be achieved in order to enable the Council to contain its ongoing commitments within available resources.

10.2 Notification of Government general and specific grants is received on an individual basis late in the budget process which makes forward planning difficult.

10.3 In terms of expenditure pressures, the significant issue affecting the budget is the uncertainty regarding local government funding in terms of business rate retention and any burdens which may transfer as a result.

10.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive will make recommendations in this respect in December.

10.5 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes.

11 CONSULTATION

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

12 RECOMMENDATIONS

The Executive is requested to:

- (i) note the revised base estimates for 2017/18 and base estimates for 2018/19;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2018/19 budget process.
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix G.

13 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

13.1 To ensure that a balanced budget is set.

Contact Officer: Steven Tickner Ext: 7280

**Appendices attached to report: Appendix A – Principal Reports considered in budget process to date
Appendix B – Movements between Original budget 2017/18**

and Original budget 2018/19

Appendix C – Proposals for Transformational Savings

Appendix D - Existing Expenditure Commitments

Appendix E – Existing Resource Projections

Appendix F – Council Reserves

Appendix G – Review of Reserves and Balances

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

- None

CORPORATE IMPLICATIONS/RISKS:

Community Services – not applicable

Economic Development – not applicable

Governance & Regulatory Services– 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 Chief Finance Officer. The Council must have a balanced budget to deliver its services and also achieve and sustain an appropriate level of reserves.

Corporate Support and Resources – contained within the body of the report

PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
RD14/17	12/09/17	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2018/19 to 2022/23
RD15/17	12/09/17	Capital Strategy 2018/19 to 2022/23
GD58/17	12/09/17	Asset Management Plan 2017 - 2022
RD31/17	20/11/17	Budget Update – Revenue Estimates 2018/19 to 2022/23
RD32/17	20/11/17	Provisional Capital Programme 2018/19 to 2022/23
GD65/17	20/11/17	Charges Review – Licensing
GD66/17	20/11/17	Charges Review – Governance & Regulatory Services
CS33/17	20/11/17	Charges Review – Community Services
ED38/17	20/11/17	Charges Review – Economic Development
GD72/17	20/11/17	Corporate Assets – 3 Year Repair and Maintenance Programme

MOVEMENTS BETWEEN ORIGINAL BUDGET 2017/18 & ORIGINAL BUDGET 2018/19

	£	£
Updated Original Estimate 2017/18	11,528,000	
Carry Forwards 2016/17	(490,000)	
Original Estimate 2017/18		11,038,000
<u>Impact of 2017/18 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	478,800	
Transformation Savings	(1,343,500)	
Pay Award/Living Wage	(2,000)	
Supporting People Contract	(16,000)	
Events Sponsorship Income	(20,000)	
Treasury Management	(19,300)	
Rural Services Delivery Grant	39,000	
Lanes Income	(2,100)	
Carry forward from 2014/15	(13,000)	
Carry forward from 2015/16	(46,300)	
Sexual Assault Referral Service Grant	(20,000)	
Asset Review Income	277,700	
Carlisle South / Garden Village	20,000	
Community Infrastructure Levy	(30,000)	
MRP Review	10,000	
Pension Fund Revaluation	187,000	
IT Strategy & Budget Pressures	126,400	
		(373,300)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		229,400
Original Estimate 2018/19	0	10,894,100

UPDATE ON TRANSFORMATIONAL SAVINGS

Savings Target	Service Area	Target	Achieved	Proposed	(Overachieved)/ Outstanding	Comments
Up to & including 2014/15		0	44,400	0	(44,400)	
2015/16		1,211,000	1,127,600	0	83,400	
2016/17		1,201,000	1,217,000	0	(16,000)	
Net position up to end 2016/17		2,412,000	2,389,000	0	23,000	

Savings Target	Service Area	Target	Achieved	Proposed	(Overachieved)/ Outstanding	Comments
2017/18	Rethinking Waste	400,000	0	0	400,000	£92,800 recurring savings from initial implementation available from 19/20 (£194,800 in 18/19).
	Voluntary Redundancy/Vacancy Management	395,000	395,000	0	0	
	Base Budget Review	403,000	295,200	0	107,800	Phase 2 in progress.
Net Position 2017/18		1,198,000	690,200	0	507,800	

Savings Target	Service Area	Target	Achieved	Proposed	(Overachieved)/ Outstanding	Comments
2018/19	Leisure Services Grant	329,000	0	329,000	0	
	Income from Asset Sales	1,000,000	434,700	0	565,300	
	Voluntary Redundancy/Vacancy Management	150,000	18,900	0	131,100	
Net Position 2018/19		1,479,000	453,600	329,000	696,400	

Net Recurring Position		5,089,000	3,532,800	329,000	1,227,200	
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EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2017/18		2018/19 Estimate £000	2019/20 Proj £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	9,715	9,715	9,012	9,567	10,200	10,567	10,934
Treasury Management	1,721	1,721	1,684	1,559	854	854	854
Inflation Projection	229	229	229	225	367	367	367
2017/18 agreed Savings	(900)	(900)	(890)	(934)	(931)	(926)	(926)
2017/18 agreed Spending	851	851	1,182	1,504	1,210	1,108	1,108
2017/18 Budget Changes	0	0	0	0	0	0	0
Total Core Expenditure	11,616	11,616	11,217	11,921	11,700	11,970	12,337
Non Recurring Exp:							
Pre 2016/17 approvals	(931)	(931)	(323)	(666)	391	391	0
2017/18 agreed Savings	2	2	(201)	(225)	(1,041)	(515)	0
2017/18 agreed Spending	351	351	201	201	65	0	0
Carry Forwards	490	490	0	0	0	0	0
Use of Earmarked Reserves	0	461	0	0	0	0	0
Total non Recurring Expenditure	(88)	373	(323)	(690)	(585)	(124)	0
Total City Council Budget Requirement	11,528	11,989	10,894	11,231	11,115	11,846	12,337
Parish Council Precepts	582	582	544	558	572	586	600
Total Requirement	12,110	12,571	11,438	11,789	11,687	12,432	12,937

EXISTING RESOURCE PROJECTIONS

RESOURCES PROJECTION	2017/18 Original Estimate £000	2017/18 Revised Estimate £000	2018/19 Estimate £000	2019/20 Proj £000	2020/21 Proj £000	2021/22 Proj £000	2022/23 Proj £000
Projected External Finance:							
- Revenue Support Grant	(856)	(856)	(435)	0	0	0	0
- Retained Business Rates (inc Pooling)	(3,814)	(3,814)	(3,965)	(4,229)	(4,311)	(4,413)	(4,483)
- Surplus on Collection Fund	(137)	(137)	(50)	(50)	(50)	(50)	(50)
- C/Tax for Parish Precepts	(582)	(582)	(544)	(558)	(572)	(586)	(600)
- Council Tax Yield	(6,658)	(6,658)	(6,842)	(7,026)	(7,212)	(7,399)	(7,586)
Total Income based on £5 Tax increase Projections	(12,047)	(12,047)	(11,836)	(11,863)	(12,145)	(12,448)	(12,719)
Plus Approved Contributions from Balances:							
- Pre 2017/18 non-recurring commitments	578	578	323	690	585	124	0
- Pre 2017/18 recurring Carry Forwards	(151)	(151)	75	(616)	(127)	(108)	(218)
- Use of Earmarked Reserves	(490)	(490)	0	0	0	0	0
	0	(461)	0	0	0	0	0
Total Use of Reserves	(63)	(524)	398	74	458	16	(218)
Total Projected Resources	(12,110)	(12,571)	(11,438)	(11,789)	(11,687)	(12,432)	(12,937)

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000	Projected 31 March 2021 £000	Projected 31 March 2022 £000	Projected 31 March 2023 £000
Revenue Reserves							
General Fund Reserve	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Projects Reserve	(1,089)	(1,026)	(1,424)	(1,498)	(1,956)	(1,972)	(1,754)
Carry Forward Reserve	(1,105)						
Flood Reserve	(500)						
Transformation Reserve	(150)						
Building Control Reserve	(187)						
Cremator Reserve	(756)						
Leisure Reserve	(80)						
Economic Investment Reserve	(6)						
Car Parking Reserve	(107)						
City Centre Reserve	(42)						
Welfare Reform Reserve	(200)						
Repairs & Renewals Reserve	(214)						
Revenues & Benefits Reserve	(338)						
Revenue Grants Reserve	(865)						
Promoting Carlisle Reserve	(30)						
Prosecutions Reserve	(21)						
Business Rates Volatility Reserve	(110)						
Total Revenue Reserves	(7,800)	(3,026)	(3,424)	(3,498)	(3,956)	(3,972)	(3,754)
Capital Reserves							
Usable Capital Receipts	0	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0	0
Unapplied capital grant	(794)	(794)	(794)	(794)	(794)	(794)	(794)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
GLL Reserve	(522)	(453)	(453)	(453)	(453)	(453)	(453)
Lanes Capital Reserve	(30)	(45)	(60)	(75)	(90)	(105)	(120)
Total Capital Reserves	(1,394)	(1,340)	(1,355)	(1,370)	(1,385)	(1,400)	(1,415)
Total Usable Reserves	(9,194)	(4,366)	(4,779)	(4,868)	(5,341)	(5,372)	(5,169)
Other Technical Reserves (i)	(103,627)						
Total All Reserves	(112,821)						

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

RESERVES

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
Capital Reserves				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Chief Finance Officer but approval of their use must be given by Council.	
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.	This reserve is still required but can be reviewed once the new Leisure Contract is finalised. An element of this reserve has been earmarked to support the capital programme.
Lanes Capital Reserve	30	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required
Asset Investment Reserve	48	To provide resources to purchase properties and fund associated revenue costs and to provide resources for investment in the Council's industrial estates to ensure rent yields are maintained/increased.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
<i>Revenue Reserves</i>				
General Fund Reserve	2,000	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Chief Finance Officer. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> - 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 <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>	This reserve is still required
Projects Reserve	1,089	The balance at 31 st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	<p>Management of the reserve rests with the Chief Finance Officer. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>	This reserve is still required

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
Carry Forward Reserve	1,105	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Chief Finance Officer. Approval to release funds from the reserve can only be given by the Chief Finance Officer and/or The Chief Executive.	The majority of this reserve has been held since the 2015/16 outturn and is recommended that £235,000 be re-designated to the Economic Investment Reserve to provide funding for initiatives outlined in paragraph 5.10 of this report.
Building Control Reserve	187	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required and is ring-fenced for Building Control service provision
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Transformation Reserve	150	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.	This reserve is still required

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
EEAC Reserve	0	To hold the residual funds of the service pending future decisions about the service	Management of the reserve rests with the Corporate Director of Economic Development. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been fully utilised and can be closed
Cremator Reserve	756	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve could be released to General Fund with any future costs arising from welfare reform being funded from General Fund.
Car Park Enhancement Reserve	107	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Chief Finance Officer.	This reserve is still required and should be increased by a transfer of £235,000 from the Carry forward reserve for initiatives as outlined in 5.10 of this report
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
Repairs & Renewals Reserve	214	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required and is committed to fund the ICT Strategy
Leisure Reserve	80	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Chief Finance Officer	This reserve is still required and is being fully utilised in 2017/18
Flood Reserve	500	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required and will be utilised to support uninsured costs from the flood claim and also reinstatement of assets. Any residual balance once reinstatement is complete will be returned to General Fund.
Prosecutions Reserve	21	To establish a reserve for future anticipated Barrister & legal fees in 2017/18 funded from surplus in Food Safety budget	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Chief Finance Officer.	This reserve is still required
Promoting Carlisle Reserve	30	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Chief Finance Officer.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from DCLG and DWP which have not yet been utilised,	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in	This reserve is still required but should be subject to a review to determine if all balances held therein are still

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
		to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	consultation with the Portfolio Holder & Chief Finance Officer.	required
Revenues Grants Reserve	865	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Chief Finance Officer in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
BRR Volatility Reserve	110	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required

PROVISIONS

Provision	Balance 31/3/17	Purpose	Future of the Provision
Business Rate Appeals	719	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	431	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2017 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.

Provision	Balance 31/3/17	Purpose	Future of the Provision
Rickergate Ringfenced Account	204	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.
Land Charges Provision	133	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licencing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	12	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	6	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required

Provision	Balance 31/3/17	Purpose	Future of the Provision
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurse's homes and retirement allowances to nurses.	These provisions are still required; however, it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Report to Executive	Agenda Item: A.1 (b) (i)
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Meeting Date: 20th November 2017
 Portfolio: Environment and Transport & Culture, Heritage & Leisure
 Key Decision: Yes: Recorded in the Notice Ref:
 Within Policy and Budget Framework YES
 Public / Private Public

Title: CHARGES REVIEW REPORT 2018/2019 – COMMUNITY SERVICES
 Report of: The Deputy Chief Executive
 Report Number: CS 33/17

Purpose / Summary:

This report sets out the proposed fees and charges for 2018/19 relating to those services falling within the Community Services Directorate.

Recommendations:

The Executive is asked to

- (i) Agree the charges as set out in the body of this report and relevant appendices with effect from 1st April 2018 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	20 November 2017, 18 December 2017
Overview and Scrutiny:	B&TSP 5/12/17 EGSP 30/11/17 H&WSP 23/11/17
Council:	

1. BACKGROUND

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

1.2 This report proposes the review of charges within the Community Services Directorate and covers City Centre usage by external organisations, Car Parking, Parking Permits, Events, Digital Banner, Old Fire Station, Allotments, Use of Parks, Sports Pitches, Talkin Tarn, Bereavement Services, Waste Services and Garage charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.

1.3 The charges, which have been reviewed, are attached at Appendices A-L, and show the current and proposed level of charge for those services.

2. CORPORATE CHARGING POLICY 2018/19 TO 2022/23

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at Appendix M, was approved by the Executive on 29 August 2017 and Full Council on 12 September 2017 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 services or client groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3.1 CITY CENTRE (APPENDIX A)

3.1.1 For 2018/19 it is proposed that the City Council increases its charges for usage of the City Centre by 3%. This uplift should be applied to the full range of uses outlined in the Appendix A.

3.2 CAR PARKING (APPENDIX B and C)

- 3.2.1 The annual review of car parking yield and pricing has led to proposals for the following changes in the Council's fees. General inflationary increases in the fees for parking up to 4 hours (rounded to 10p increments), with the exception of those car parks where it is felt that the fee for stays longer than 3 hours ought to match the full day charge (9.5 hours).
- 3.2.2 For stays longer than 4 hours there are proposals to amend the hourly bands which will significantly reduce the cost for long stay parking. The proposed price bands in excess of 4 hours have been set after reviewing the total yield per space, per day. Prices have then been calculated across our car parks to increase this total yield while still offering a reduction for people who wish to park for longer. See Appendix B.
- 3.2.2 The proposals also remove the availability of parking permits in some car parks to reflect the lower long stay prices outlined above as well as demand for permits vs. pay and display provision in these car parks.

4. NEIGHBOURHOODS AND GREEN SPACES

4.1 ALLOTMENTS (APPENDIX D)

The Allotments Act 1908 placed an obligation on Local Authorities to provide allotments and the City Council currently owns approximately 70 sites of varying size, a growing number of which are now under self-management by tenant groups.

The charge for allotments is based on the size of the plot and we propose to keep the charge to 30p per square metre as per Appendix D. The water charge, which is standard for all plots, will rise by 3% to take account of inflation.

4.2 USE OF PARKS CHARGES (APPENDIX E)

- 4.2.1 At present our parks are used for a mixture of charitable, low key, large and commercial events and activities. The fees proposed in Appendix E all represent inflationary increase designed to help offset the increasing cost of maintenance. For larger commercial events, we propose to negotiate fees based on the anticipated size of the audience and/or the scale of the event. This will better reflect the recent trend in the use of Bitts Park and allow the Council to negotiate on a case by case basis.

4.3 FOOTBALL PITCHES (APPENDIX F)

4.3.1 For the 2018-19 season, we propose to increase pitch hire fees by a rounded 3%.

4.4 TALKIN TARN (Other Activities and Hires) (APPENDIX G)

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

5. BEREAVEMENT SERVICES (APPENDIX H)

5.1 Services provided by the City Council via Bereavement Services represent a significant portion of the Council's income. The service currently receives approximately £1.4m per year from cremations and our cemeteries.

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

6. OLD FIRE STATION/TOURIST INFORMATION CENTRE (APPENDIX I)

6.1 It is proposed that room hire rates at the Old Fire Station are held at 2017/18 levels, or in some cases marginally reduced. This is intended to increase occupancy rates and increased total income.

The pricing range for Carlisle City Council's events at the Old Fire Station has been increased from £0-£25 to £0-£30. This reflects demand and popularity of the headline events at the venue.

Demand for advertising space on the Civic Centre digital banner has continued to increase over 2017/18 (particularly for peak time slots). The upper limit for charges for these peak slots has been increased to reflect this.

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

7. WASTE SERVICES AND STREET CLEANSING (APPENDIX J)

- 7.1 The current charge for bulky waste collections is £20 for up to three items; it is proposed to increase this to £22 for a maximum of three items.
- 7.2 In order to provide our customers with more options for purchasing replacement refuse and garden waste bins, we will continue to offer options for the purchase of 'refurbished' bins. There are two sizes of refurbished refuse bin available: 240 litre at £20.00 and 140 litre at £10.00. There is also the option to purchase a 240 litre refurbished garden waste bin at £20.00.
- 7.3 A refurbished wheeled bin may be provided without charge at the discretion of the Technical Manager to reflect exceptional / unusual individual circumstances with each case considered on its own merits.
- 7.4 Developers will continue to be charged for the cost of supplying households on new developments for the first set of waste and recycling containers.
- 7.5 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. The proposals for all waste receptacles are contained in Appendix J complete with a comment explaining the minor uplift or continuation of the charge.

8. ENFORCEMENT CHARGES (APPENDIX K)

- 8.1 A significant number of the charges associated with enforcement activity are not open to local increases and are defined by legislation. The table in Appendix K clearly outlines these set costs. In addition to these the City Council does have discretion to set charges on the accommodation of stray dogs. The proposed increase in this category reflect the increasing costs of providing such services.

9. GARAGE SERVICES (APPENDIX L)

- 9.1 The City Council provides garage services for its own fleet. MOT testing services are provided for at £45, this charge is not proposed for increase in 2018/19. This is shown in Appendix L.

10. SUMMARY OF INCOME

- 10.1 The original 2017/18 budgets and 2018/19 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2017/18 £	MTFP Target 2018/19 £	Original Estimate 2018/19 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	28,800	29,700	29,700	0
Dog Policy EPA	8,900	9,200	9,200	0
Bereavement Services	1,341,500	1,413,900	1,413,900	0
Allotments	15,500	18,000	18,000	0
Special Collections	53,900	55,500	55,500	0
Sports Pitches	14,300	14,700	14,700	0
Car Parking	1,150,800	1,172,200	1,172,200	0
MOT Testing	6,200	6,300	6,300	0
Assembly Rooms	2,600	6,600	6,600	0
Event Assets	600	600	600	0
Carlisle Focus Advertising	2,200	2,300	2,300	0
Advertising	37,800	59,000	59,000	0
OFS – Ticket Sales	57,900	59,600	59,600	0
OFS – Room Lettings	12,300	12,700	12,700	0
OFS – Commercial Lettings	3,700	3,700	3,700	0
	2,737,000	2,864,000	2,864,000	0
Talkin Tarn Car Park	38,200	39,300	39,300	0
Total	2,775,200	2,903,300	2,903,300	0

10.2 The charges highlighted within this report will result in an anticipated level of income of £ 2,903,300 against the MTFP target of £2,903,300. This represents the income target being met.

11. CONCLUSION AND REASONS FOR RECOMMENDATIONS

11.1 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 2018 noting the anticipated impact these will have on income generation as detailed within the report.

12. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Darren Crossley

Ext: 7004

Appendices attached to report: Appendices A - M

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:

Community Services – Not Applicable

Economic Development – Not Applicable

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

Corporate Support & Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £2,903,300 against the MTFP target of £2,903,300. A recurring budget pressure of £60,000 for car parking income shortfalls was approved as part of the 2017/18 budget process and is reflected in the estimates provided.

APPENDIX A – CITY CENTRE AND EVENTS

CITY CENTRE PROMOTIONAL BOOKING CHARGES				
Event Type	Current Charges 2017/18		Proposed New Charge 2018/19	Comment 2018/19
Charities, Education and Public Information Events	No charge		No charge	
Large Commercial Markets	£1,030 per day		£1,061 per day	
Farmers Markets (e.g. Local Traders)	£16 per stall per day		£16.50 per stall per day	
Large Children's Ride	£88 per ride per day		£91.00 per ride per day	
Small Children's Ride	£67 per ride per day		£69 per ride per day	
	Daily charge per 3m x 3m or 9m² pitch		Daily charge per 3m x 3m or 9m² pitch	
	One pitch £62		One pitch £64	
	Two pitches £124		Two pitches £128	
	Three pitches £185		Three pitches £191	
	Four pitches £247		Four pitches £254	
	Max charge = £247		Max charge = £254	
Large Commercial Promotions	£500 per promotion		£520 per promotion	
Commercial Promotions Cancellations and No Shows	Daily Rate		Daily Rate	Full daily rate of the promotion to cover staffing costs and loss of income
Face 2 Face Charity Fundraising promotions (chuggers)	No Charge		No Charge	
Large Events	£1,030 per day		£1,061 per day	A large event would occupy all available space in the City Centre
Pavement Cafes	Current Charges 2017/18		Proposed New Charge 2018/19	Comment 2018/19
County Council administration fee payable when licence granted	£21		£22	
City Council administration fee, payable annually to cover:-				
- Up to 2 tables and 4 chairs	£122		£126	
- Each additional table and 2 chairs	£36		£37	
- Legal fee for preparation of licence	TBC		TBC	TBC

APPENDIX A Cont.

Event Infrastructure	CITY CENTRE EVENT BOOKING CHARGES				
3rd Party Hire	Current Charges 2017/18		Proposed New Charge 2018/19	VAT	Comment 2018/19
Gazebo/Stall Hire (including put up and take down)	£50		£51.50	applicable	
Table	£5		£5.50	applicable	
Events	Current Charges 2017/18	VAT	Proposed New Charge 2018/19	VAT	Comment 2018/19
3m x3m pitch only	-	-	£25.00	n/a	
6m x3m pitch only	-	-	£50.00	n/a	
table and 1 chair	-	-	£10.00	n/a	
3m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	-	-	£40.00	applicable	
6m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	-	-	£80.00	applicable	
Contribution to generator hire - power up to 5kva	-	-	£10.00	applicable	
Contribution to generator hire - power up to 10kva	-	-	£20.00	applicable	
Fireshow (Bitts Park)	Current Charges 2017/18	VAT	Proposed New Charge 2018/19	VAT	Comment 2018/19
Periphery pitches (five available)	-	-	£140.00	n/a	
Premium pitches (3 available)	-	-	£250.00	n/a	
					NB An occasional street trading licence will be necessary to apply for any of these pitches

APPENDIX B – CAR PARK CHARGES

CAR PARKS TICKET CHARGES			
WEST WALLS			Additional Notes 2018/19
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour, 2 Hour and 4 Hour tariff bands by 10p. 2. Proposal to replace 4 to 6 hour tariff band with new 4 to 9.5 hour tariff band at £4.00. 3. Proposal to introduce early bird price (park before 9.30am Monday to Friday, for £3.50 Note: Proposed tariff amendments made to tariffs to encourage use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.60	£2.60	
3 to 4 hours	£3.10	£3.20	
4 to 6 hours	£5.10	Replace with new 4 to 9.5 hour tariff bands	
4 to 9.5 hours (New Tariff Band)	£10.00	£4.00	
Early Bird - Pay before 9.30am for the early bird price of £3.5 for 4 to 9.5 hour stay Monday to Friday only	-	£3.50	
CIVIC CENTRE			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour, 2 Hour and 4 Hour tariff bands by 10p. 2. Proposal to reduce 4 to 9.5 hour tariff band to £5.00 to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.60	£2.60	
3 to 4 hours	£3.10	£3.20	
4 to 9.5 hours	£10.00	£5.00	
BITTS PARK			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour, 2Hour and 3 and 4 Hour tariff bands by 10p . 2. Proposal to reduce 4 to 9.5 hour tariff band to £5.00 to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£3.10	£3.20	
4 to 9.5 hours	£5.10	£5.00	
LOWTHER STREET			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour, 2 Hour, 3 Hour and 4 Hour tariff bands by 10p. 2. Proposal to reduce 4 to 9.5 hour tariff band to £5 to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£3.10	£3.20	
4 to 9.5 hours	£5.10	£5.00	
PADDY'S MARKET			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour and 2 Hour tariff bands by 10p. 2. Proposal to replace 3 to 4 hour and 4 to 6 hour tariff bands and introduce new 4 to 9.5 hour Tariff band at £2.50 Note: Proposed tariff amendments made to tariffs to reflect Castle Tariffs to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.30	£2.30	
3 to 4 hours	£2.90	Replace with new 4 to 9.5 hour tariff bands	
4 to 6 hours	£3.50		
6 to 9.5 hours	£4.10		
4 to 9.5 hours (New Tariff Band)	£10.00	£2.50	

APPENDIX B Cont.

THE SANDS (AMENDED CHARGING HOURS - 8.30am to Midnight)			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour, 2 Hour and 3 Hour tariff bands by 10p. 2. Proposal to replace 4 to 6 hour and 6 to 9.5 hour tariff bands and introduce new over 4 hour tariff band at £3.00 valid only in any one calendar day 3. charging hours amended 8.30am - midnight 4. Proposal to introduce all day early bird price (park before 9.30am Monday to Friday) for £2.50 valid only in any one calendar day. Note: Proposed tariff amendments made to tariffs to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.30	£2.40	
3 to 4 hours	£2.90	£2.90	
4 to 6 hours	£3.50	Replace with new all day tariff band	
6 to 9.5 hours	£4.10		
Over 4 hours (New Tariff Band)	-	£3.00	
Early Bird - Pay before 9.30am for the early bird price of £2.50 to park all day Monday to Friday only	-	£2.50	
Minibuses	-	£3.50 All Day	
VIADUCT			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour and 2 Hour tariff bands by 10p. 2. Proposal to replace 4 to 6 hour and 6 to 9.5 hour tariff band with new 4 to 9.5 hour @ £3.50 . 3. Proposal to introduce early bird price (pay before 9.30am Monday to Friday) at £2.80 Note: Proposed tariff amendments made to tariffs to encourage long stay use
1 to 2 hours	£1.90	£2	
2 to 3 hours	£2.30	£2.30	
3 to 4 hours	£2.70	£2.70	
4 to 6 hours	£3.10	Replace with new 4 to 9.5 hour tariff bands	
6 to 9.5 hours	£3.60		
4 to 9.5 hours (New Tariff Band)	N/A	£3.50	
Early Bird - Pay before 9.30am for the early bird price of £2.80 for 4 to 9.5 hour stay) Monday to Friday only	n/a	£2.80	
SWIFT'S BANK AMENDED CHARGING HOURS - 8.30am to Midnight - Saturday & Sunday - 6.00pm to Midnight - Monday to Friday			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour and 2 Hour tariff bands by 10p. 2. Proposal to replace 4 to 6 hour and 6 to 9.5 hour tariff bands and introduce new 4 to 9.5 hour tariff at £3.00 3. charging hours amended Monday - Friday 6pm - midnight and Saturday - Sunday 8.30am - midnight Note: Proposed tariff amendments made to tariffs to encourage long stay use
1 to 2 hours	£1.90	£2.00	
2 to 3 hours	£2.30	£2.30	
3 to 4 hours	£2.90	£2.90	
4 to 6 hours	£3.10	Replace with new 4 to 9.5 hour tariff bands	
6 to 9.5 hours	£4.10		
4 to 9.5 hours (New Tariff Band)		£3.00	
CALDEW RIVERSIDE			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour and 2 Hour tariff bands by 10p 2. Proposal to replace 3 to 4, 4 to 6 and 6 to 9.5 hour tariff band with new 3 to 9.5 hour @ £2.70 .
1 to 2 hours	£1.80	£1.90	
2 to 3 hours	£2.30	£2.30	
3 to 4 hours	£2.70	Replace with new 3 to 9.5 hour tariff bands	
4 to 6 hours	£2.70		
6 to 9.5 hours	£2.70		
3 to 9.5 hours (New Tariff Band)		£2.70	

APPENDIX B Cont.

CASTLE			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Up to 1 hour	£1.10	£1.20	1. Proposal to increase 1 Hour and 2 Hour tariff bands by 10p. 2. Proposal to decrease the 3 to 9.5 hour tariff band by 10p. 3. Proposal to replace 3 to 4, 4 to 6 with new 3 to 9.5 hour @ £2.50 . 3. Proposal to reduce all day charge for Minibuses, Caravans and Campers, Motorhomes and Motor Caravans to £3.50 Note: Proposed tariff amendments made to tariffs to encourage long stay use
1 to 2 hours	£1.70	£1.80	
2 to 3 hours	£2.20	£2.20	
3 to 4 hours	£2.60	-	
4 to 6 hours	£2.60	-	
3 to 9.5 hours	£2.60	£2.50	
Minibuses, Campers, Motor Homes, Caravans and Motor Caravans	£4.60	£3.50 All Day	
MARKS AND SPENCER CAR PARK			
Tariff Band	2017/18 Charge	Proposed 2018/19 Charge	
Monday to Wednesday between 8.30am and 6pm, Thursday between 8:30am and 5pm, Friday to Saturday between 8am and 6:30pm	Up to 1 hour - £1.00	No Change	
	1-2 Hours £2.00		
Sunday (including Bank Holidays & Public Holidays) between 10:30am and 5pm	Up to 2 hours £2.00		
TALKIN TARN			
Tariff Band	2016/17 Charge	Proposed 2018/19 Charge	
Monday to Sunday (including Bank Holidays & Public Holidays) between 10am and 6pm	Cars - up to 1 hour £1.00	Cars - up to 1 hour £1.10	
	Cars - over 1 hour £2.20	Cars - over 1 hour £2.25	
	Minibuses - up to 12 hrs £4.40	Minibuses - up to 12 hrs £4.50	
	Coaches - up to 12 hrs £5.50	Coaches - up to 12 hrs £5.60	
ANNUAL MEMBERSHIP PARKING PERMIT	£52.00	£54.00	

APPENDIX B Cont.

CAR PARK PERMIT CHARGES							
Car Park	2017/18 charges		2017/18 charges	2018/19 Proposed Charges		2018/19 Proposed Charges	Comments
	Permits valid work days (5 out of 7)		(Equivalent daily charge £)	Permits valid work days (5 out of 7)		(Equivalent daily charge £)	
	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	
Civic Centre	£2,600	£227	£10	-	-	-	Remove Civic Centre Permit option - No permit sales for over 3 years
West Walls	£900	£86	£3.45	-	-	-	Remove West Walls Permit option - No permit sales for over 3 years
Bitts Park	£650	£63	£2.50	£650	£63	£2.50	No change to charge introduce a permit cap of 15% (8 spaces)
Lowther St	£650	£63	£2.50	-	-	-	Remove Lowther Street permit option due to increased demand for P&D in the area
Paddy's Market	£520	£50	£2.00	£225	£24	£0.87	Lower prices to encourage use and introduce a permit cap of 50% (10 spaces)
The Sands	£520	£50	£2.00	£520	£50	£2.00	No change to charge introduce a permit cap of 40% (105 spaces)
Swifts Bank (subject to availability for public use)	£120	£12	£1.15	£120	£12	£1.15	Remove Swifts Bank permit option due to poor sales
Viaduct	£455	£44	£1.75	£455	£44	£1.75	No change to charge introduce a permit cap of 40% (91 spaces)
Caldew Riverside	£250	£26	£0.96	£250	£26	£0.96	No change to charge introduce a permit cap of 50% (226 spaces)
Castle	£225	£24	£0.87	£225	£24	£0.87	No change to charge introduce a permit cap of 50% (160 spaces)

APPENDIX C

CAR PARK CHARGES FOR ALTERNATIVE USES							
CAR PARK	2017/18 Charge		Trading	Proposed Charge 2018/19		Trading	2018/19 Comment
	Essential/ Commercial at current rate			Essential/ Commercial at current rate			
	E	C		E	C		
Civic Centre	£10.00	N/A	N/A	£10.30	N/A	N/A	N/A This is marketed as a shoppers car park and has a high turnover of customers it is not practical to have trading or to hold events on this car park. We would therefore only allow essential activity on this car park
West Walls	£10.00	£10.00	P.O.A	£10.30	£10.30	P.O.A	N/A This is marketed as a shoppers car park and it is not practical to hold events on this car park. We would therefore only allow essential and commercial activity on this car park
Bitts Park	£5.00	£5.00	P.O.A	£5.15	£5.15	P.O.A	This car park is used for the play park and shoppers but we would allow use for events such as Race For Life, essential works such as maintenance to the flood defences, commercial and trading activity such as an ice-cream van in the summer
Lowther Street	£5.00	N/A	N/A	£5.15	N/A	N/A	N/A This car park is at capacity for permit holders and pay & display. Any commercial or trading activity could impact on the efficiency of this car park
Paddy's Market	£4.00	£4.00	P.O.A	£4.10	£4.10	P.O.A	This is a little used car park and we would allow any other types of activity to encourage use and additional income streams
The Sands	£4.00	£4.00	P.O.A	£4.10	£4.10	P.O.A	This car park has a lot of capacity and is underused by permit and p&d customers. It is also well used for event parking because of it's proximity to the Sands Centre and Bitts park
Swifts Bank	£4.00	£4.00	P.O.A	£4.10	£4.10	P.O.A	Mon-Friday Essential for statutory use only. Weekends only for any Commercial Trading
Viaduct	£4.00	£4.00	P.O.A	£4.10	£4.10	P.O.A	This car park has a lot of capacity and is underused by permit and p&d customers. It is also conveniently placed for most activities
Castle	£3.00	£3.00	P.O.A	£3.10	£3.10	P.O.A	This car park is used for the play park and shoppers but we would allow use for events such as Race for Life, essential works such as maintenance to the flood defences, commercial and trading activity such as an ice-cream van in the summer.
Caldew Riverside	£3.00	N/A	N/A	£3.10	N/A	N/A	This is our most successful car park, it is not practical to hold events or allow trading on this car park

APPENDIX D – ALLOTMENT CHARGES

ALLOTMENT CHARGES			
TYPE OF CHARGE	2017/18 Charge	Proposed Charge 2018/19	2018/19 Comment
Rental	30p per square metre	30p per square metre	Held
Water Supply	£11.35 for the year	£11.70 for the year	3% Increase

APPENDIX E – USE OF PARKS CHARGES

USE OF PARKS CHARGES					
	2017/18 Charge		Proposed Charge 2018/19		2018/19
TYPE OF ACTIVITY/EVENT		LARGE EVENT INC CATERING PER EVENT		LARGE EVENT INC CATERING PER EVENT	Comment
	MINIMUM FEE		MINIMUM FEE		
*Low key' commercial use – *Caterers selling hot & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£64 per day	N/A	£66 per day	N/A	3% increase
*Fun Fairs	1-10 rides/stalls £334 plus VAT per open day 11-15 rides/stalls £456 plus VAT per open day 16-20 rides/stalls £584 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £344 plus VAT per open day 11-15 rides/stalls £470 plus VAT per open day 16-20 rides/stalls £602 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	3% increase
*Fun Fairs Building & Derigging Charges	1-10 rides/stalls £83 plus VAT per day 11-15 rides/stalls £114 plus VAT per day 16-20 rides/stalls £146 plus VAT per day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £85 plus VAT per day 11-15 rides/stalls £117 plus VAT per day 16-20 rides/stalls £150 plus VAT per day Over 20 rides/stalls by negotiation	N/A	3% increase
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£234 plus re-instatement cost	£234/ per day plus re-instatement cost	£241 plus re-instatement cost	£241/ per day plus re-instatement cost	3% increase
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,145 plus re-instatement	£1,145 per customer/per day plus re-instatement costs	£1,179 plus re-instatement	£1,179 per customer/per day plus re-instatement costs	3% increase
Fully Commercial Events – takings from sale of consumables (additional charge)	£52 per catering unit	£52 per catering unit	£54 per catering unit	£54 per catering unit	3% increase
NB The above charges are subject to VAT where applicable.					
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.					

APPENDIX F – FOOTBALL PITCHES CHARGES

FOOTBALL PITCHES CHARGES			
SPORTS PITCHES TYPE OF USE	Existing Charge 2017/18	Proposed Charge 2018/19	Comment
Senior Clubs per match	£64.00	£66.00	3% increase
Junior Clubs per match	£32.00	£33.00	3% increase
<u>Pitch and Accommodation/Season*</u>			
Senior Clubs	£597.00	£615.00	3% increase
Junior Clubs	£180.00	£185.00	3% increase
*Includes use of showers, changing facilities and training room if available			
<u>Pitch Only/Season</u>			
Senior Clubs	£228.00	£235.00	3% increase
Junior Clubs	£69.00	£71.00	3% increase
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Existing Penalty 2017/18	Proposed Penalty 2018/19	Comment
Senior Clubs/match	£80.00	£80.00	No change
Junior Clubs/match	£80.00	£80.00	No change

APPENDIX G – TALKIN TARN CHARGES

TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES			
TALKIN TARN OTHER ACTIVITIES	2017/18 Charge	Proposed 2018/19 Charge	2018/19 COMMENT
Education Cabin Hire	£34 per half day	£35 per half day	3% increase
	£64 per full day	£66 per full day	3% increase
	£7.70 per hr - min. charge 2 hrs	£7.90 per hr - min. charge 2 hrs	3% increase
The Alex Boathouse Hire	15% of any takings	15% of any takings	
Water Sports Day Permit	£7.70	£7.90	3% increase
Annual Water Sport Permit	£355 (For Groups)	£365 (For Groups)	3% increase
	£122.00 (For Individuals)	£126.00 (For Individuals)	3% increase
Fishing Permit	£3.10 adult per day	£3.20 adult per day	3% increase
	£2.10 child per day	£2.20 child per day	3% increase
	£32 Annual Permit	£33 Annual Permit	3% increase
Annual Registration Fee for Swimming	£10.80 per adult	£11.10 per adult	3% increase

APPENDIX H – BEREAVEMENT SERVICES CHARGES

BEREAVEMENT SERVICES CHARGES			
Product/Service	2017/18 Charge	2018/19 Proposed Charge	2018/19 Comment
CREMATION - VAT NOT INCLUDED			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	FOC	FOC	
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	796.00	820.00	
Cremation Body Parts, Blocks and Slides	81.00	83.00	
Additional copies of Cremation Certificates	26.00	27.00	
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	26.00	27.00	
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	49.00	50.00	
Additional 40 minute service time for Cremation	128.00	132.00	
MISCELLANEOUS - VAT NOT INCLUDED			
Use of Chapel of Rest/Chilled Storage 24 hours	18.50	19.00	
48 hours	34.00	35.00	
72 hours	48.00	49.00	
Placing of Cremated Remains from away in Garden of Remembrance/Woods	64.00	66.00	
Postage of Cremated Remains (UK)	51.00	53.00	
Containers Plastic Urn	19.00	20.00	
Metal Urn	29.00	30.00	
Casket	45.00	46.00	
Baby Urn	7.20	7.40	
Others	POA	POA	
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	19.00	19.50	
BURIAL - VAT NOT INCLUDED			
Interment NVF, Stillborn or Child up to 1 month	FOC	FOC	
Interment of child 1 month to 17 years	FOC	FOC	
Interment over 18 years	716.00	737.00	
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	FOC	FOC	
Interment over 18 years (out of hours: Mon-Sat)	955.00	984.00	
Interment of child 1 month to 17 years (out of hours: Sunday)	FOC	FOC	
Interment over 18 years (out of hours: Sunday)	1,034.00	1,065.00	
Interment of child 1 month to 17 years (out of hours: Bank Hols)	FOC	FOC	
Interment over 18 years (out of hours: Bank Hols)	1,114.00	1,147.00	
Interment of Cremated Remains (Per Set)	217.00	224.00	
Interment of Body Parts, Blocks and Slides	64.00	66.00	
Purchase of Exclusive Right of Burial			
NB Choice of 2 periods: 30 years and 50 years			
30 Year Term			
Grave used for burial of child up to 18 years	69.00	71.00	
Grave used for burial of person over 18 years	680.00	700.00	
Grave used for burial of Cremated Remains	238.50	246.00	
50 Year Term			
Grave used for burial of child up to 18 years	90.00	93.00	
Grave used for burial of person over 18 years	1,140.00	1,174.00	
Grave used for burial of Cremated Remains	397.50	409.00	

APPENDIX H Cont.

WOODLAND BURIAL			
30 Year Term			
Adult Grave for two burials	530.00	546.00	
Adult Grave for one burial	265.00	273.00	
Grave for Cremated Remains	265.00	273.00	
50 Year Term			
Adult Grave for two burials	880.00	906.00	
Adult Grave for one burial	440.00	453.00	
Grave for Cremated Remains	440.00	453.00	
Recycled Graves			
Adult burial only	658.00	678.00	
Erection of Memorial etc			
Placing a Headstone/Monument to cover one grave space	175.00	180.00	
Placing a Headstone/Monument to cover two grave spaces	350.00	360.00	
Placing a Headstone/Monument to cover three grave spaces	525.00	540.00	
Placing an additional inscription or memorial vase	69.00	71.00	
Replacement of existing Headstone	85.00	87.50	
USE OF BURIAL CHAPELS - VAT NOT INCLUDED			
Richardson Street	128.00	132.00	
Stanwix	128.00	132.00	
MISCELLANEOUS - VAT NOT INCLUDED			
Transfer of Grave Rights/Statutory Declaration	51.50	53.00	
Re turf graves (<i>at management discretion</i>)	29.00	30.00	
Search Records (with date supplied)	22.00	23.00	
Search Records (no date/vague date supplied)	27.00	28.00	
Seat Maintenance	103.00	106.00	
Discretionary charge to Funeral Directors exceeding allocated service time	64.00	66.00	
Use of organ	21.00	22.00	
Location and on-site identification of grave spaces	36.00	37.00	
MEMORIALISATION FEES – VAT INCLUDED			
Book of Remembrance			
2 line entry	69.00	71.00	
5 line entry	138.00	142.00	
5 line entry + Flower Emblem or Badge	196.00	202.00	
8 line entry	153.00	158.00	
8 line entry + Flower Emblem or Badge	228.00	235.00	
Remembrance Cards			
2 line entry	45.00	46.00	
5 line entry	76.00	78.00	
5 line entry + Flower, Emblem or Badge	143.00	147.00	
8 line entry	96.00	99.00	
8 line entry + Flower, Emblem or Badge	159.00	164.00	
Baby Book of Remembrance			
Per line	10.80	11.00	
Motifs	72.00	74.00	
Granite Plaques			
2 lines inscribed	430.00	443.00	
3 lines inscribed	483.00	498.00	
4/5 lines inscribed	562.00	579.00	
Each reserved line inscribed	91.00	94.00	
Bronze Plaques			
2 up to 4 lines inscribed	323.00	333.00	
Replacement Bronze Plaque	125.00	129.00	
Sheepfold Plaque	382.00	393.00	

APPENDIX H Cont.

Hardwood Seats (inc. 5 years maintenance)			
Hardwood Seat	1,167.00	1,202.00	
Recording of Cremation Service	64.00	66.00	
Heather Garden Memorials			
Sanctum 2000	1,030.00	1,061.00	
Extra letters/figures	6.20	6.40	
Replacement Plaque	276.00	284.00	
Memorial Vase and Tablet	567.50	585.00	
Replacement Plaque	265.00	273.00	
New Sanctum 12's	658.00	678.00	
Extra letters/figures	6.20	6.40	
Flower Vase holder	27.00	28.00	
Replacement Plaque	291.50	300.00	
New Octagon Planter Plaques	265.00	273.00	
Replacement Plaque	111.00	114.00	
Mushroom Plaques	265.00	273.00	

APPENDIX I – DIGITAL BANNER AND OLD FIRE STATION CHARGES

EVENT ASSET CHARGES			
DESCRIPTION	2017/18 Charge	Proposed 2018/19 Charges	2018/19 Comment
DIGITAL BANNER CHARGES			
Digital Banner commercial use	£120-£200per slot	£120-£300per slot	Increase to reflect market demand
Digital Banner event support	£60-£100	£60-£150	50% reduction on market rates
CHARGE FOR CARLISLE FOCUS			
Carlisle Focus Magazine	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	None
OLD FIRE STATION CHARGES			
TICKET SALES			
Carlisle City Council Promoted Events & Performances	£0 - £25.00	£0 - £30.00	Ticket prices for events will be considered individually and informed by the artist fees and likely market demand.
ROOM HIRE - THE ENGINE ROOM (NON TICKETED NON PERFORMANCE EVENTS)			
½ Day (4 hours) Commercial / Private Rate 09.00-17.00	£125.00	£120.00	Reduction in rates to reflect market conditions and to increase volume of bookings in order to meet income targets
½ Day (4 hours) Charitable Group Rate 09.00-17.00	£80.00	£80.00	
Full Day (8 hours) Commercial / Private Rate 09.00-17.00	£225.00	£225.00	
Full Day (8 hours) Charitable Group Rate 09.00-17.00	£145.00	£120.00	Reduction in rates to reflect market conditions and to increase volume of bookings in order to meet income targets
Evening Commercial / Private Rate 18.00-23.00	£400.00	£300.00	Reduction in rates to reflect market conditions and to increase volume of bookings in order to meet income targets
Evening Charitable Group Rate 18.00-23.00	£200.00	£200.00	
ROOM HIRE - THE PARQUET ROOM			
Hourly Commercial / Private Rate	£20.00	£20.00	
Hourly Charitable Group Rate	£15.00	£15.00	
Full Day Commercial / Private Rate 09.00-17.00	£150.00	£150.00	No change
Full Day Charitable Group Rate 09.00-17.00	£100.00	£100.00	No change
Evening Commercial / Private Rate 18.00-23.00	£150.00	£150.00	No change
Evening Charitable Group Rate 18.00-23.00	£100.00	£100.00	No change
Alongside all the hourly, daily and evening rates quoted above a further charge will be levied to organisations if their booking requires any specialist set up or take down of furniture / equipment etc, or staffing outside of office hours, or provision of services such as a bar, or the dedicated use of McGrews. This will be a direct recharge of any hourly rates for staff used. For ticketed performance conducted by a third party promoter a door split arrangement is often agreed in lieu of a standard hire fee, it is proposed that the agreement of such split deals is delegated to the Deputy Chief Executive.			
COMMERCIAL SPACE/OFFICE LETTINGS			
Unit 2	£1,200 per annum	£1,200 per annum	No changes proposed
Unit 3 (15.5 Metres ²)	£1,200 per annum	£1,200 per annum	No changes proposed
Unit 4 (17 Metres ²)	£1,200 per annum	£1,200 per annum	No changes proposed
Unit 5 (7.5 Metres ²)	£600 per annum	£600 per annum	No changes proposed
Unit 6 (5 Metres ²)	£450 per annum	£450 per annum	No changes proposed
TOURIST INFORMATION CENTRE ROOM BOOKINGS			
Assembly Room Hire	Charge	Charge	
	£	£	
Charges per session as follows:-			
Morning Session 9:30am – 1.00pm	70	70	No changes proposed
Afternoon Session 1.30pm – 5.00pm	70	70	No changes proposed
All Day 9:30am -5.00pm	140	140	No changes proposed
Evening 6.30pm – 10.00pm	70	70	No changes proposed
Afternoon + Evening Session 1.30pm – 10.00pm	140	140	No changes proposed
Each additional hour	25	25	No changes proposed
N.B. The following groups and organisations get a discount of 50% for a morning or afternoon session, 37.5% for an evening session and 50% for double sessions including evenings will be allowed:			
i. Registered Charities			
ii. O.A.P. Groups			
iii. Other community groups e.g. community organisations, unemployed groups etc.			

APPENDIX J – WASTE SERVICES AND STREET CLEANING

WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2017/18 Charge	Proposed 2018/19 Charge	2018/19 COMMENT
Refuse Bin (Grey)			
140 litre	£20.00	£22.00	
240 litre	£38.00	£40.00	To encourage people to select a smaller bin
Refurbished Refuse Bin (240 litre)	£15.00	£20.00	* See note below. This charge better reflects the cost of refurbishing used wheeled bins and includes the cost of delivery.
Refurbished Refuse Bin (140 litre)	£15.00	£10.00	* See note below. To encourage people to select a smaller bin
Upgrade from 140 litre bin to new 240 litre bin. 140 litre bin to be returned and 'traded in'	N/A	£30.00	To encourage people to select a smaller bin
Upgrade from 140 litre bin to Refurbished 240 litre bin. 140 litre bin to be returned and 'traded in'	Free	£10.00	To encourage people to select a smaller bin
160 litre Standard Seagull Sack	£16.50 delivered £8.50 collected	£17.00 £8.50	3% increase Half-price if collected.
90 litre Seagull Sack	£8.00 delivered Free collected	£8.00 delivered Free collected	No change – smaller bags encourage residents to recycle
Garden Waste Bin (Green) If lost or stolen 240 litre	Replacement Only £38.00	Replacement Only £40.00	Includes the cost of delivery.
Refurbished Garden Waste Bin (Green) (240 litre)	£15.00	£20.00	* See note below. This charge better reflects the cost of refurbishing used wheeled bins and includes the cost of delivery.
Box Cover	Free	Free	No change
Recycling Bag (Green)	Free	Free	No change
Recycling Box (Green)	Free	Free	No change
Euro Bin	£320.00 + Delivery Cost	£330 + Delivery Cost	3% increase
Bulky Waste Collections (3 items)	£20.00	£22.00	Price not uplifted last financial year.

Note * A 'refurbished' wheeled bin may be provided without charge at the discretion of the Neighbourhood Services and Enforcement Manager and the Technical Manager to reflect exceptional / unusual individual circumstances with each case considered on its own merits.

APPENDIX K – ENFORCEMENT CHARGES

ENFORCEMENT CHARGES			
DESCRIPTION OF CHARGE	Existing Charge 2017/18	Proposed Charge 2018/19	COMMENTS 2018/19
PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES (Inclusive – VAT not applicable)			
Dog Fouling Order**	£80.00	N/A	Remove
Dog Fouling Order** – paid within one week of issue	£60.00	N/A	Remove
Fly Posting**	£80.00	£80.00	These charges are governed by legislation
Fly Posting – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Fly-tipping - first offence or small fly-tipping incident		£200.00	
Fly-tipping - repeat offence or large fly-tipping incident		£400.00	
Graffiti**	£80.00	£80.00	These charges are governed by legislation
Graffiti – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Dogs not on Lead Order**	£80.00	N/A	Remove
Dogs not on lead – paid within one week of issue	£60.00	N/A	Remove
Waste Receptacles – (CEN)	£80.00	£80.00	These charges are governed by legislation
Waste Receptacles – (CEN)- Paid within 7 days	£60	£60	These charges are governed by legislation
Failure to Produce a Waste Transfer Note	£300.00	£300.00	These charges are governed by legislation
Environmental Protection Act - Litter	£80.00	Up to £150	Levels are set nationally – increased on the spot fines available from 01 April 2018.
Environmental Protection Act - Litter – paid within one week of issue	£60.00	£80.00	Levels are set nationally – increased on the spot fines available from 01 April 2018.
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	£80.00	£80.00	These charges are governed by legislation
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00	These charges are governed by legislation
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00	These charges are governed by legislation
Community Protection Notices**	£100.00	£100.00	These charges are governed by legislation
Community Protection Notices** paid within one week of issue	£60.00	£80.00	These charges are governed by legislation
Public Spaces Protection Orders**	£100.00	£100.00	These charges are governed by legislation
Public Spaces Protection Orders** – paid within one week of issue	£60.00	£80.00	These charges are governed by legislation
Abandoned Vehicles FPN	£200	£200	These charges are governed by legislation
STRAY DOGS (Inclusive – VAT not applicable)			
Day 1	£61.33	£64.00	3% increase
Day 2	£76.90	£80.00	
Day 3	£92.47	£96.00	
Day 4	£108.04	£112.00	
Day 5	£123.61	£128.00	
Day 6	£139.18	£144.00	
Day 7	£154.75	£160.00	
* 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			

APPENDIX L – GARAGE CHARGES

GARAGE CHARGES			
TYPE OF CHARGE	2017/18 Charge	Proposed Charge	2018/19 Comment
MOT Testing	£45.00	£45.00	No change – to be competitive locally
Taxi Testing			This is an internal charge to licensing
			Taxi licensing set the rate and charge the taxi drivers as part of their 'annual licence'.
	To be covered by taxi licensing charges	To be covered by taxi licensing charges	
			The charge is being increased which in turn will generate more income for the garage as it is likely that we will be taking on further work:
			· Vehicle inspection
			· Body work inspection
		· COC (certificate of compliance)	

APPENDIX M

CORPORATE CHARGING POLICY 2018/19 TO 2022/23

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 (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?

<h1>Report to Executive</h1>	<p>Agenda Item:</p> <p>A.1(b) (ii)</p>
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Meeting Date: 20 November 2017
 Portfolio: Economy, Enterprise and Housing
 Key Decision:
 Within Policy and Budget Framework YES
 Public / Private Public

Title: CHARGES REVIEW REPORT 2018/19 - ECONOMIC DEVELOPMENT
 Report of: CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT
 Report Number: ED.38/17

Purpose / Summary:

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

Recommendations:

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1st April 2018, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	20 November 2017, 18 December 2017
Scrutiny:	BTSP 05/12/17; EGSP 30/11/17; HWSP 23/11/17
Council:	N/A

1. BACKGROUND

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

2. PROPOSALS

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

2.3 The charges which have been reviewed, are addressed separately below.

3. CORPORATE CHARGING POLICY 2018/19 TO 2022/2023

3.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix 2, was approved by the Executive on 29 August 2017 and Full Council on 12 September 2017 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

3.2 The MTFP currently assumes an income target of £682,500 for the financial year 2018/19, reflecting an increase of 3% on 2017/18 base budgets.

3.3 In addition, the policy recognises that each Directorate is different and requires Corporate 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.

4. PLANNING SERVICES

4.1 Development Control Income

Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application received. Generally, the larger the application, the larger the fee. The City Council has no control over either the number of applications received or the type of application. The planning fees were last increased 2013/14.

4.2 The Government's Housing White Paper in February 2017 indicated a possible increase in planning application fees. At the time of preparing this report, this has not happened however in a recent consultation (Planning for the right homes in the right paces) the government has indicated that they will bring forward regulations at the earliest opportunity which, subject to Parliamentary scrutiny, enable local authorities to increase fees. The anticipated increase is 20% however the additional fee income is to be used to improve productivity of planning departments. The current consultation is also seeking views on a further 20% increase for those authorities who are delivering the homes their communities need.

4.3 For 2017/18, the target for income was set at £661,500 and 6 months into the year income is 11% below target to date however there has also been a change in the accounting of income from planning application fees which has resulted in a one-off increase on income of over £100,000. Given the indeterminate nature of fee income from planning applications it is difficult to predict with accuracy that current budget levels will be achieved from income this year alone and will rely on the accrued income of the previous year. The envisaged 3% budget increase for 2018/19 should therefore be treated with caution.

4.4 Building Control Income

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.

Following a review of the current fees and charges it is proposed to increase the fees and charges by 10% in order to provide a balanced budget and to finance the post of Building Control Business Development Manager.

4.5 Building Control Discretionary Charges

Proposed Charges for Street Naming and Numbering (all cost based on £42 per hour)

New Properties

Naming	Cost
New individual property	£42
New Street	£126 for the first 10 units and £8.50 per unit thereafter
Redevelopment of existing building	£42
Alteration in either street name or property re numbering of a development after initial street name and numbering has been undertaken.	£126 for the first 10 units and £8.50 per unit thereafter.
Confirmation of postal address to solicitors or conveyances.	£21

Existing Properties and Changes of Use

Change of existing house name	£42
Adding an alias to a numbered property	£42
Change of building name, flats etc	£84 + £8.50 per unit
Request for street name change	£210 + £42 per property
Request for street numbering where none existed	£210 + £42 per property
Sub division of existing building into individual units	£42 + £21 per property

Additional Building Control Discretionary Charges

Building Control	Charge
Professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	1 hour £42+ VAT
A site visit together with professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	3 hours £126 + VAT
Demolition notice to be processed and counter notice served within 5 working days. Demolition notice carried out within statutory time period of 6 weeks	3 Hours £126 Free
Dangerous structures where formal action is being taken under section 77 and 78 of the Building Act 1984.	During normal working hours £42 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.

4.6 Home Life Grant Scheme

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

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

4.7 Investment & Policy Income

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

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

5. SUMMARY OF INCOME GENERATED

5.1 The introduction of the charges proposed is forecast to generate income of £705,500 which is summarised in the table below:

Service Area	Original Estimate 2017/18 £	MTFP Target 2018/19 £	Original Estimate 2018/19 £	Shortfall or (Excess) over MTFP £
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	661,500	681,400	681,400	0
Building Control: Discretionary Charges	0	0	23,000	(23,000)
TOTAL	662,600	682,500	705,500	(23,000)

5.2 The acceptance of the charges highlighted within this report, will result in an anticipated level of income of £705,500 against the MTFP target of £682,500.

6. CONSULTATION

6.1 Consultation to Date – None.

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

7. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2018, noting the impact these will have on income generation as detailed within the report.

8. 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:

Community Services – Not applicable

Corporate Support and Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £705,500 against the MTFP target of £682,500. This represents an increase in income of £23,000. This will be included in the budget process as a saving on Council resources (£23,000 for 2018/19, 2019/20 & 2020/21, then reducing to £11,000 from 2021/22 onwards).

Economic Development – Not applicable

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

**APPENDIX 1
PLANNING SERVICES**

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

General Charges – All Sections

Fee Description	17/18 Charge £	18/19 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/2014	0%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/2014	0%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/2014	0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)	01/04/2014	0%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/2014	0%
High Hedges submission fee**	375.00	385.00	01/04/2017	2.6%

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

Additional Charges – Building Control

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

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

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

APPENDIX 2 – CORPORATE CHARGING POLICY 2018/19 TO 2022/23

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 2018/19 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

- Central government policy objectives

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

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

4. Trading

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

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

5. Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)
(iii)

Meeting Date: 20 November 2017
 Portfolio: Cross Cutting
 Key Decision: Yes: Recorded in the Notice Ref: KD.23/17
 Within Policy and Budget Framework: YES
 Public / Private: Public

Title: CHARGES REVIEW REPORT 2018/19 - GOVERNANCE AND REGULATORY SERVICES
 Report of: Mark Lambert - Corporate Director of Governance and Regulatory Services
 Report Number: GD.66/17

Purpose / Summary:

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

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

Recommendations:

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1st April 2018 noting the impact these will have on income generations as detailed within the report.

Tracking

Executive:	20 November 2017
Scrutiny:	BTSP 05/12/17; EGSP 30/11/17; HWSP 23/11/17
Council:	N/A

1. BACKGROUND

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

2. CORPORATE CHARGING POLICY 2018/19 TO 2022/23

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix L, was approved by the Executive on 29 August 2017 and full Council on 12 September 2017 and sets out the City Council's policy for reviewing charges. The principle objective(s) of setting the charge are:
 - Recover the cost of service provision;
 - Generate Surplus Income (where permitted);
 - Maintain existing service provision;
 - Fund service improvements or introduction of new service(s);
 - Promote access to service for low-income households;
 - Promote equity or fairness;
 - Achieve wider strategic policy objective (e.g. encouraging green policies)
- 2.2 The MTFP currently assumes an income target of £925,800 for the financial year 2018/19 reflecting an increase of 3% on 2017/18 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 client's groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. ENVIRONMENTAL HEALTH & HOUSING:

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

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

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

The mandatory licensing also includes the changes which will come into effect following the Housing and Planning Act 2016 when the definition of a HMO changes and more types of rented properties (those below the existing 3 story criteria) come under the Licensing requirements.

The projected income for HMO licence fees for 2018/2019 is set out below:

	Number of applications	Income
Projected number of new 3 story HMO licence applications	5	£2,700
Projected number of below 3 story HMO licence applications	10 (based on a total of 50 new HMOs – renewal every 5 years)	£5,400
Forecast of renewals of existing HMOs	38	£12,654
Expected discounts on licence fees (10%)	16 at renewal cost, landlords with National Landlord Association accreditation	(£532.80)
Expected income generation 2018/2019		£20,221.20
Income target 2017/18		£5,700
Increase for 2018/19	Increase based on estimate	<u>£14,521.20</u>

Part of the increased income from HMO licensing in 2018/19 has been used to fund officer availability to undertake the additional licencing work.

3.3 Immigration inspections are carried out on behalf of the residents of Carlisle City Council who are applying for permission for family members, living abroad, to

come and live in the district. The inspections are required to confirm that the property will not be overcrowded with the additional resident and that the property does not pose significant harm to the individual. This is a discretionary service, which the Council could choose not to deliver.

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

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

The table below outlines the proposed charges for 2018/2019:

Proposed cost of application	£125
Option to fast track application and inspect within 5 working days	£140
Expected income generation 2018/2019	£625 (5 visits)
Income Budget 2017/18	£500
Income increase	£125 based on estimate

- 3.4 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 period in 2017/2018. The 2018/19 rate of Enforcement Officer time is **£63.51**. Since the introduction of the charging system, there has been very limited income generation so no income generation is included. Enforcement is always a last resort and most complaints are dealt with by advice and education rather than enforcement.
- 3.5 The Housing and Planning Act 2016 allow civil penalties to be imposed by the City Council as an alternative to prosecution for certain housing standard offences. The Executive considered and agreed the civil penalty levels for Carlisle on the 25th September 2017 (GD 61/17); these are not considered further in this report.
- 3.6 The fixed penalty fines for Community Protection Notices (CPN) are aligned to those also issued by other departments in the City Council. The early payment fee has risen from £60 to £80 due to the former criteria for fixed penalty notices for dog fouling, which are now issued under the CPN powers.

3.7 **Appendix D** details the rates to be charged by Homelife in 2018 / 2019 and, unless specified to reflect specific service costs, Homelife will apply a general agency fee of 15 %, which is a common charge among Home Improvement Agencies.

4. HOMELESS, PREVENTION and ACCOMMODATION SERVICES **Proposed Homeless Accommodation Rental Charges for 2018/19:**

4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, amended by Homeless Act 2002 to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 28 days; and are deemed to be vulnerable under the legislation.

4.2 The services are based on a pathways model of assessment and provision; delivering 24-hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Strategy 2015-20.

4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.

4.4 It is proposed to increase Homeless Accommodation rental charges by 2.5% as this reflects the actual costs of providing the services. This increase has been discussed and agreed in principle as acceptable with the Revenue and Benefits Service Manager; a full detailed breakdown of each charge below will be provided to the Benefits Team Leader following approval and prior to implementation.

5. LEGAL SERVICES

5.1 Local Land Searches

5.1.1 Members will be aware that the Council is required by law to maintain a register of local land charges affecting land in its area. Searches of the local land charges register are carried out, most commonly as part of a house purchase, to see whether the property is affected by matters such as tree preservation orders or listed building status.

5.1.2 The search has two elements, namely LLC1 and CON29.

- 5.1.3 The LLC1 is the Official Certificate of Search which reveals all entries listed in the statutory Local Land Charges register. The Council charges for providing the Official Certificate of Search, which is a statutory service.
- 5.1.4 The CON29 enquiry form consists of a series of questions and a number of additional, optional enquiries which relate to matters outside the statutory register. The Council is able to add value by compiling and formatting an official report, and levies a charge for this discretionary service.
- 5.1.5 The Council is unable to charge a person for carrying out a personal inspection of the land charges register. The EIR provide, broadly, that environmental information should be made available for inspection without charge.
- 5.1.6 The Council therefore facilitates personal inspections by allowing access to the statutory register, which comprises paper records, on the eighth floor. For other environmental information which it holds, such as contaminated land and planning applications, it provides access through provision of an unrefined data report, which is simply an extract of information from records. No added value is given to this information, unlike the certificate of official search, and no charge is made.
- 5.1.7 The Council has to be transparent in the setting of charges. It is required to publish a statement of actual expenditure, number of requests and total income.

5.2 Legislation

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

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

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

5.2.5 Also relevant are the Environmental Information Regulations 2004 (“the EIR”) which apply to environmental information, including searches of the local land charges register. The EIR implement the provisions of the European Directive 2003/4/EC (“the Directive”) in to UK law.

5.2.6 Recital 18 of the Directive provides that authorities are entitled to levy a market based charge where the information is being provided on a commercial basis and the service would not continue to be provided if such a charge could not be levied. As the Council is not legally required to provide official **CON29** searches, and because the service consists of more than simply making information available, recital 18 applies.

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

5.3 VAT

5.3.1 HMRC now requires authorities to charge VAT on CON29 searches, which it has not previously done. VAT will not be charged on LLC1 searches.

5.3.2 As explained in last year's report, in anticipation of the introduction of VAT on CON29 searches, it is not possible for the Council to ‘absorb’ the VAT element as this has been held to be anti-competitive to personal search companies. The Council does, therefore, have to charge VAT on top of its CON29 charge.

5.4 Land Registry

5.4.1 Members are aware that the Land Registry is in the process of taking over part of the land charges register (LLC1). This will be done in phases and the Council will lose the LLC1 function at some point between April 2020 and mid-2023. At this stage, there is still no information as to how the phasing will operate or where in the plan Carlisle sits.

5.5 Calculation of Fees

- 5.5.1 With regard to LLC1, the Guidance recommends that registering authorities start the process of specifying fees by assessing the cost of providing the service, the projected take up of the service, and therefore the charge that should be made, over a period of between one and three years. If the authority sets fees that produce a surplus against the actual costs, the authority should set future fees at a level that, taking one financial year with another, will ensure that total income does not exceed total costs. Where a fee is set at a level below cost, however, any shortfall in income cannot be met by charging fees that would over-recover costs for other services.
- 5.5.2 The costs will include the direct costs of maintaining the local land charges register, together with indirect costs covering central overheads.
- 5.5.3 With regard to CON29 searches, as this is a discretionary service the Council has a degree of discretion in the charges that it sets. The charges proposed are designed to maintain a market share of the property searches market. If the charge is set too high, customers will be drawn to the personal search companies. The charge needs to be set so that the Council retains or modestly increases its market share, thus generating income over and above cost, which will in turn enable better investment in the service. In particular, investment in web based access to information will improve efficiency and speed. Digital information will eventually reduce the time spent assisting personal searchers, and in the future public access will be much more automated.
- 5.5.4 **Appendix H** sets out the cost of providing the local land charges service in Carlisle.
- 5.5.5 **Appendix I** sets out the number of searches carried per month since 2013. It is always difficult to foresee the number of searches that will be submitted in the coming year as this depends entirely on the strength of the housing market. Therefore, for the purposes of setting these charges it is assumed that performance will remain relatively constant.
- 5.5.6 Anticipated demand based on current performance is set out in **Appendix J**, which indicates the number of Standard Searches (which include both a CON 29 and a LLC1) and LLC1s only.
- 5.5.7 Members will note that personal searches are **not included** in Appendix J bearing in mind that no charge is levied, however, as indicated earlier, personal searches continue to be carried out 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.

5.5.8 The cost of a standard search is presently £96.00 for domestic properties, which is based on the standard Local Land Charges Search Fee (the LLC1 element) of £17 together with the fee for the Standard Enquiries (the CON29R element) of £79.00. The cost of a standard search for commercial properties is £133.00, which is based on the LLC1 element of £33.00 and the CON29R element of £100.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

5.5.9 Budgeted income for 2017/18 was £144,200. Actual income is forecast to be approximately £118,000.

5.6 Proposed Fees

5.6.1 It is recommended that the Council sets its fees for 2018/19 having regard to the cost of operating the service, to the Corporate Charging Policy and also with a view to increasing competitiveness in the market.

5.6.2 The proposed fees for 2018/19, therefore, will be (including the 10% discount for those searches submitted on line):

	Con 29R	LLC1	Total
Domestic Properties	£79.00 (Standard Enquiry for one parcel of land) £71.10 (NLIS 10% on-line discount) £10.00 (Each extra parcel of land)	£17.00 (whole register) £15.30 (NLIS) £5.00 (one part of register) £4.50 (NLIS)	£96.00 (Standard Enquiry + LLC1) £86.40 (NLIS)
Commercial Properties	£100.00 (Standard Enquiry for one parcel of land) £90.00 (NLIS 10% on-line discount) £20.00 (Each extra parcel of land)	£33.00 (whole register) £29.70 (NLIS) £5.00 (one part of register) £4.50 (NLIS)	£133.00 (Standard Enquiry + LLC1) £119.70 (NLIS)

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

	CON29R £	LLC1 £	Combined £
Allerdale	80	10	90
Barrow			
- Domestic properties	60.00	36.00	96.00
- Commercial properties	78.00	47.00	125.00
Copeland	85	30	105*
Eden	65	25	90
SLDC	65	25	89*

* The combined price charged offers a discount to applicants

5.6.4 Income from the Land Charges service for 2018/19 is forecast to be approximately £118,000

5.6.5 The target income in 2017/18 was £144,200. 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 2018/19 of £148,500. The above forecast shows a shortfall on this figure of £30,500.

5.6.6 This shortfall is partly due to an increasing number of customers choosing to use personal search companies to carry out their searches. Following the changes to legislation surrounding Land Charges fees, the Council is no longer permitted to levy a charge for personal search companies. As a result, such companies are able to charge customers far less than the Council is able. In 2017/18 the Council reduced CON29 charges for domestic properties. This was partly to reflect the lesser amount of work compared to commercial properties, but partly also to increase our competitiveness vis a vis the personal search companies. It will, however, take time to increase our market share, particularly as the search companies remain the cheaper option, and this has been reflected in the fall in income

5.6.7 The actual amount of net income will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries.

5.6.8 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at **Appendix K**.

5.6.9 The proposed charges are set out at **Appendix G**

5.7 Electoral Registers

5.7.1 The Electoral Registration Officer has a statutory duty to maintain the electoral register and to publish a revised register by 1 December each year. Under the Representation of the People Regulations 2001, the Registration Officer must on request supply a copy of the full register to government departments and credit reference agencies and the edited version of the register to any person. The fees for supply of both registers are prescribed in the Regulations and are revised from time to time. The Council has no discretion to alter them. The current fees are £10 plus £5 for each 1,000 entries for printed registers and £20 plus £1.50 for each 1,000 entries in computer data form. A limited number of companies tend to buy the register each year so the level of income is generally static at £1,200 per annum.

5.7.2 Marked copies of electoral registers used at polling stations are available for inspection for twelve months following each local election. Under new Regulations, copies of these registers can only be purchased by those entitled to receive free copies of the full register (i.e. candidates and political parties) on payment of the prescribed fee. New fees, which came into force on 18 July 2008, are £10 plus £2 for each 1000 entries in printed format and £10 plus £1 for each 1000 entries in data format.

5.8 Minute Books, Room Bookings and Access to Information Requests

5.8.1 The charge for hire of a room in the Civic Centre is currently £106.92 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £110.13 is recommended from 1 April 2018. The number of room bookings has fallen because the County Council, which used to regularly book rooms, now have facilities of their own, and other regular users no longer book rooms because an entitlement to meeting rooms is now incorporated in their tenancy agreements. Therefore, while there is no longer a regular stream of bookings the Council does receive a guaranteed rental income instead. It is anticipated that, following the redevelopment of the ground floor, the desirability of the facilities will increase.

5.8.2 The charge levied for the sale of Council Minute Books is £21.65 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3% to £22.30 from 1 April 2018. The annual income from the sale of Council Minutes is currently **negligible**.

- 5.8.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. The financial year 2014/15 was the first year in which a charge was made in order to recover the Council's costs in providing this service. It should be noted that all of the reports, agenda and other documents which are subject to the new copying charge will also be available free of charge on the Council's website.
- 5.8.4 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.
- 5.8.5 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 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 2018/19.

5.9 Training

- 5.9.1 In the financial year 2014/15, the Council introduced charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge was set at £350 for one three-hour session (per group of 12) plus expenses if outside Carlisle District.
- 5.9.2 Such training will be provided where requested and it is proposed to increase the charge for 2018/19 to £400.00 plus VAT for one three-hour session (per group of 12), plus expenses if outside Carlisle District.
- 5.9.3 It is also proposed to introduce a **new charge** for providing training in Data Protection. It is anticipated that there may be a market for such training, and an appropriate charge would be similar to that for Health and Safety Training, namely £400 plus VAT for a group of 12 delegates.
- 5.9.4 To date, no chargeable training sessions have been provided, however this is something that is intended to be addressed in future.

5.10 Summary of Income Generated

5.10.1 The introduction of the charges proposed is forecast to generate income of £909,700 in 2018/19 which is summarised in the following table:

Governance Service Area	Original Estimate 2017/18 £	MTFP Target 2018/19 £	Original Estimate 2018/19 £	Shortfall or (Excess) over MTFP £
Land Charges (para 3)	144,200	148,500	118,000	30,500
Electoral Registers (para 4)	1,500	1,600	1,600	0
Minute Books/ Access to Information (para 5)	0	0	0	0
Training (para 6)	0	0	0	0
Environmental Quality	2,500	3,000	3,000	0
Environmental Protection Act	12,600	12,600	12,600	0
Pest Control	36,900	38,000	38,000	0
Food Safety	2,900	3,000	3,000	0
Housing – DFG's	62,500	62,500	62,500	0
Housing – HMO Licences	5,700	5,900	20,200	(14,300)
Housing – Immigration Inspections	500	500	600	(100)
Homelife Fees	30,000	30,000	30,000	0
Hostels	620,200	620,200	620,200	0
Total	919,500	925,800	909,700	16,100

6. CONSULTATION

6.1 Consultation to Date

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

6.2 Conclusions and Reasons for Recommendations

The Executive is asked to agree the charges as detailed within the report and set out in **Appendices A - L** with effect from 1 April 2018 noting the impact these will have on income generation as detailed within the report.

6.3 Contribution to the Carlisle Plan Priorities

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

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

Appendices attached to report:

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

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

CORPORATE IMPLICATIONS/RISKS:

Community Services – not applicable

Corporate Support & Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £909,700 against the MTFP target of £925,800. This represents an overall shortfall of £16,100. The shortfall of £30,500 in respect of Land Charges income has been put forward in the budget process as a pressure on Council resources. The additional income anticipated from HMO Licences and Immigration Inspections is dependent on retaining additional resources in the section. The additional income will therefore be reinvested into the service to accommodate the additional resource requirements.

Economic Development – not applicable

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

APPENDIX A

Housing and Pollution Charges

<u>HOUSING AND POLLUTION</u> <u>(Inclusive – VAT not applicable)</u>	<u>2017 /</u> <u>2018</u>	<u>2018 /</u> <u>2019</u>	COMMENT
Community Protection Notices**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Community Protection Notices** paid within 7 days of issue	£60.00	£80.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Public Spaces Protection Orders** – paid within 7 days of issue	£60.00	£80.00	Council wide Powers. Set by Legislation.
<u>PRIVATE WATER⁺ (Inclusive – VAT not applicable)</u>			
ANALYSIS CHARGES			Set by Legislation.
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
SAMPLING CHARGES			
Sampling (each visit)	£88.58	£91.00	
Risk Assessment (Domestic)	£108.15	£111.50	
Risk Assessment (Commercial)	£257.50	£265.00	
Other investigations (each investigation)	£100.00	£100.00	Maximum amount
Granting an authorisation (each authorisation)	£51.50	£53.00	
<u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u>			
Contaminated Land Information Request -per hour	£53.46	£55.00	
<u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u>			
Works in default administration costs recovery	£17.11	£18.00	

Copying documents	10p per A4 sheet	14p per A4 sheet	Rate in 2016/17 was 14 p - mistake made in report for 2017/18 now corrected.
<u>MOBILE HOMES ACT 2013⁺ (Inclusive – VAT not applicable)</u>			These charges are calculated with a new formula which includes the increased officer rate.
Licence Fee- example of typical charge for up to 5 pitches	£310.00	£350.00	
Licence Fee- amendment, expansion	£196.00	£222.00	
Licence Fee - Transfer	£252.00	£270.00	
Inspection Fee- example of typical charge for up to 5 pitches	£126.00	£143.00	
Council hosting of site rules	£56.00	£63.00	
HOUSING ACT 2004, HMO LICENCE FEES			New formula to reflect cost of delivering service
Cost of new HMO Licence (per 10 letting units)	£456.00	£540.00	
Cost of renewal of HMO Licence (per 8 letting units)	£282.00	£333.00	
Cost of every additional unit above 10		£10.60	
Maximum licence fee		£900.00	
Discount on HMO fee for NLA accredited Landlords		10% discount	
Cost of additional correspondence	£26.00	£30.00	

IMMIGRATION INSPECTIONS			
Fast Track Application	£125.00	£140.00	
Standard application	£110.00	£125.00	
ENFORCEMENT TIME, HOUSING ACT 2004			
Charged at Officer hour	£56.10	£63.51	
Empty Property Owner VAT support letter		£15.00	
Overcrowding Assessment paper determination request		£15.00	
DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES			Calculated by formula which considers item costs; average hours and revised officer rates.
Level Access Shower	£530.00	£566.00	
Shower toilets	£517.00	£558.00	
Ramps	£530.00	£566.00	
Stair lifts (TBC)	£517.00	£558.00	
Door Widening	£530.00	£566.00	
Major Adaptations	£929.00	£1090.00	
Smaller Adaptations	£481.00	£543.00	
Renovation Grant Costs	New	£435.00	Charge for new Grant opportunity through the Housing Renewal Assistance Policy 2017.
Flat rate fee for additional lots, for DFG and renovation Grants	£234.00	£264.00	
Fee payable to Homelife for Central Heating Scheme referrals	£236.00	£248.00	

APPENDIX B
Food Safety Charges

FOOD SAFETY (VAT is not included and is charged at Standard Rate unless stated)	<u>2017 / 2018</u>	<u>2018 / 2019</u>	COMMENT
Certification of unsaleable food	£33.15	£34.17 (£41.00 inc VAT)	
Food Hygiene Training	£56.60	£58.33 (£70.00 inc VAT)	Daily charge.
Health and Safety Statement of Fact (per hour)	£56.60	£58.33 (£70.00 inc VAT)	
Export Certificate	£21.31	£22.08 (£26.50 inc VAT)	
Cost of Officer time where applicable (per hour)	£56.60	£58.33 (£70.00 inc VAT)	
Health Act 2006:- Smoking in Smoke free place or vehicle	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
Health Act 2006:- Failing to prevent smoking in a smoke free place/vehicle	£50.00	£50.00	(Inclusive – VAT not applicable)
	£30.00	£30.00	(Inclusive – VAT not applicable)
Health Act 2006:- Failure to display 'Smoke free' signage	£200.00	£200.00	(Inclusive – VAT not applicable)
	£150.00	£150.00	(Inclusive – VAT not applicable)

<u>MISCELLANEOUS LICENCES</u>			
<u>(Inclusive – VAT not applicable)</u>			
Acupuncture, Cosmetic Piercing and Tattooing/Skin Colouring*	£107.00	£110.42 (£132.50 inc. VAT)	
Animal Boarding Establishment	£107.00	£110.42 (£132.50 inc. VAT)	
Dog Breeders	£107.00	£110.42 (£132.50 inc. VAT)	
Pet Shops	£107.00	£110.42 (£132.50 inc. VAT)	
Zoo Licences and Dangerous Wild Animals (+ Vets Fees)	£257.00	£265.00 (£318.00 inc. VAT)	
Dangerous Wild Animals (+ Vets Fees)	£160.00	£165.00 (£198.00 inc. VAT)	

APPENDIX C

Pest Control Charges

<u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) - <u>Example of typical charges</u>	<u>2017 / 2018</u>	<u>2018 / 2019</u>	<u>Comment</u>
Standard Farm Contract Service (Duration 12 months)	£354.95	£365.83 (£439.00 inc VAT)	
Wasps (Domestic)	£41.69	£42.92 (£51.50 inc. VAT)	
Wasps (Commercial)	£82.33	£85.00 (£102.00 inc. VAT)	
Over 65 Wasp Treatment (Dom)	£26.73	£27.50 £33.00 inc. VAT)	
Ants / Standard Fleas / Cockroaches (Domestic)	£41.69	£42.92 (£51.50 inc. VAT)	
Ants / Standard Fleas / Cockroaches (Commercial)	£82.33	£85.00 (£102.00 inc. VAT)	
Over 65 Ants / Standard Fleas / Cockroaches (Domestic)	£26.73	£27.50 (£33.00 inc. VAT)	
Rats (Domestic)	Free	Free	
Mice (Domestic)	£41.69	£42.92 (£51.50 inc. VAT)	
Rats and Mice (Commercial)	£82.33	£85.00 (£102.00 inc. VAT)	
Call Out Charge	£26.73	£27.50 (£33.00 inc. VAT)	Required where advice but no treatment given to assist in recovering some officer time and travel costs.

APPENDIX D

Homelife Charges

<u>HOMELIFE CHARGES</u> (VAT is not included and is charged at Standard Rate) - Example of typical charges	<u>2017/18</u>	<u>2018/19</u>	Comment
General Agency Fee	15%	15%	
Minor Measures			
Minor Measure Grant Admin Fee	New	£75 per case	Fee adjusted to recognise officer time in processing applications. £75 is 15% of £500.
Handy Person/Casual Homelife rates	£27.50 per job	£75 per case	Brought in line with Minor Measures Fee. Casual hourly rate of pay would also apply.
Key safes	£27.50	£75	Brought in line with Minor Measures Fee. Handy person charge of £20 also applies.
Safe and Warm Grants			
Safe and Warm Administration Fee	New	£492.25	Formula considers hourly rate and average officer time.
Additional quotes from contractors for works within the same grant	New	£285.82	To ensure recovery of administration costs for grants requiring liaison with multiple contractors.
Health Through Warmth Rapid care grant	£109.98	£127.02	Based on 2 hours of hourly rate
SPECIFIC CALCULATIONS			
Home visits	£54.99	£63.51	Base on one hour.
Obtaining charitable funding	£109.98	£127.02	Based on 2 hours of hourly rate.

Applications Assistance	£54.99	£63.51	Base on one hour.
MINOR WORKS GRANT			
Total Chargeable Costs	£360.00	£360.00	Agreed at Executive - ED09/16
Homelife Hourly Rate	£54.99	£63.51	Aligned to Housing and Pollution hourly rate due to overlap with Housing Grant work.

APPENDIX E

LA Pollution Prevention Control (Part B) Charges for 2017/18 - Charges for 2018/19 should be available in February 2018.

TYPE OF CHARGE	TYPE OF PROCESS	2017/18 FEE
Application Fee	Standard process (includes solvent emission activities)	£1650
	Additional fee for operating without a permit	£1188
	PVRI, and Dry Cleaners	£155
	PVR I & II combined	£257
	VRs and other Reduced Fee Activities	£362
	Reduced fee activities: Additional fee for operating without a permit	£71
	Mobile plant**	£1650
	for the third to seventh applications	£985
	Where an application for any of the above is for a combined Part B and waste application, add an extra £310 to the above amounts	£808
Annual subsistence charge	Standard process Low	£772 (+£104)*
	Standard process Medium	£1161 (+£156)*
	Standard process High	£1747 (+£207)
	PVRI, and Dry Cleaners L/M/H	£79/£158/£237
	PVR I & II combined L/M/H	£113/£226/£341
	VRs and other Reduced Fees	£228/£365/£548
	Mobile plant, for first and second permits L/M/H**	£626/£1034/£1551
	for the third to seventh permits L/M/H	£385/£617/£924
	eight and subsequent permits L/M/H	£198/£316/£473
	Late payment Fee	£52
	*the additional amounts in brackets must be charged where a permit is for a combined Part B and waste installation	
Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £104 to the above amounts		
Transfer and Surrender	Standard process transfer	£169
	Standard process partial transfer	£497

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

** Not using simplified permits

LAPPC (Part B) mobile plant charges for 2017/18 (Not using simplified permits)

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

LA-IPPC (Part A2) charges for 2017/18

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

Type of charge	Local Authority element 2017/18
Application	£3363
Additional fee for operating without a permit	£1188
Annual Subsistence LOW	£1447
Annual Subsistence MEDIUM	£1611
Annual Subsistence HIGH	£2334
Late payment fee	£52
Variation	£1368
Substantial Variation (where 9 (2) (a) or 9 (2) (b) of the scheme applies)	£3363
Transfer	£235
Partial transfer	£698
Surrender	£698

APPENDIX F

Proposed 2018/19 Charges

PROJECT	Proposed Charge from 2 April 2018	Current charge
WATER STREET FAMILY RATE	£	£
Total Charge	£322.14	£314.30
HB eligible Charge	£302.40	
Personal Charge	£19.74	
WATER STREET SINGLE RATE		
Total Charge	£276.43	£269.78
HB eligible Charge	£260.19	
Personal Charge	£16.24	
JOHN STREET SINGLE RATE		
Total Charge	£316.47	£308.77
HB eligible Charge	£302.40	
Personal Charge	£14.07	
HOMESHARES FAMILY RATE		
Total Charge	£350.91	£342.37
HB eligible Charge	£330.61	
Personal Charge	£20.30	
HOMESHARES SINGLE RATE		
Total Charge	£321.65	£313.81
HB eligible Charge	£306.81	
Personal Charge	£14.84	
HOMESHARES SHARED RATE		
Total Charge	£311.08	£303.52
HB eligible Charge	£297.85	
Personal Charge	£13.23	

APPENDIX G

Governance Charges

GOVERNANCE

	<u>Actual</u>	<u>Proposed</u>
	<u>Charges</u>	<u>Charges</u>
	<u>2017/18</u>	<u>2018/19</u>
	<u>£</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
Official Search (incl. Issue of official certificate of search):-		
Domestic Properties:		
a) in any one part of the register (10% on-line discount)	3.50	3.50
	(3.40)	(3.40)
b) in the whole of the register (10% on-line discount)	17.00	17.00
	(15.30)	(15.30)
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	1.00	1.00
Commercial Properties:		
a) in any one part of the register (10% on-line discount)	5.00	5.00
	(4.50)	(4.50)
b) in the whole of the register (10% on-line discount)	33.00	33.00
	(29.70)	(29.70)

and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	1.00	1.00
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to these rules)	1.50	1.50
Copy or extract of any plan or other document filed pursuant to these rules	£various*	£various*

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

Part I – Standard Enquiries

Domestic Properties

a) One parcel of land	79.00	79.00
One parcel of land (Level 2/3) (10% discount)	71.10	71.10
b) Several parcels of land		
- First parcel	79.00	79.00
- Each addition	15.00	15.00

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

Commercial Properties

a) One parcel of land	100.00	100.00
One parcel of land (Level 2/3) (10% discount)	90.00	90.00
b) Several parcels of land		
- First parcel	100.00	100.00
- Each addition	20.00	20.00

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

Part II – Optional Enquiries*

Each printed enquiry – Urban	10.00	10.00
Each printed enquiry – Rural	10.00	10.00
Question 22 on form CON29O	20.00	20.00
Question 4 on form CON29O	4.00	4.00
Each additional enquiry	10.50	10.50

2. Council Minutes (VAT Standard Rate)

Per Booklet	21.65	22.30
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3. 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)

4. 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

5. Training

Training Sessions in Health and Safety and Data Protection topics per three-hour session (per group of 12 max)	385.00	400.00
Travel Expenses if outside Carlisle District	+	+

+ travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc

6. Civic Centre (VAT exempt)

Room Letting - per session	106.92	110.13
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APPENDIX H

Land Charges Costs

	Actual 2015/16	Budget 2015/16	Actual 2016/17	Budget 2016/17	Budget 2017/18	MTFP Budget 2018/19
Employee Related	16,821	11,600	12,060	12,300	18,400	24,600
Premises Related	240	200	740	700	200	200
Transport Related	0	0	0	0	0	0
Supplies & Services	28,446	38,100	37,442	38,800	37,700	37,700
Recharges	25,211	25,200	25,307	25,300	28,800	28,800
Total Expenditure	70,718	75,100	75,549	77,100	85,100	91,300
Income	(150,142)	(169,200)	(149,186)	(140,000)	(144,200)	(148,500)
Total Income	(150,142)	(169,200)	(149,186)	(140,000)	(144,200)	(148,500)
Net Position	(79,424)	(94,100)	(73,637)	(62,900)	(59,100)	(57,200)

*2018/19 MTFP budget for recharges is based on the 2017/18 recharge level

APPENDIX I

Land Charges Data

	2013/14			2014/15			2015/16			2016/17			2017/18		
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	74	2	0 ²	114	3	0 ²	85	8	0 ²	80	14	0 ²	77	3	0 ²
May	118	3	0 ²	95	4	0 ²	55	3	0 ²	132	8	0 ²	98	5	0 ²
June	75	4	0 ²	85	6	0 ²	121	4	0 ²	115	21	0 ²	116	19	0 ²
July	131	1	0 ²	109	29	0 ²	77	8	0 ²	102	6	0 ²	71	13	0 ²
August	85	5	0 ²	86	5	0 ²	79	5	0 ²	97	4	0 ²	89	14	0 ²
September	82	4	0 ²	85	12	0 ²	74	4	0 ²	102	19	0 ²	86	7	0 ²
October	132	1	0 ²	91	4	0 ²	76	6	0 ²	143	18	0 ²			
November	91	4	0 ²	79	8	0 ²	115	7	0 ²	114	15	0 ²			
December	69	2	0 ²	79	2	0 ²	63	5	0 ²	83	4	0 ²			
January	100	5	0 ²	88	7	0 ²	65	5	0 ²	54	6	0 ²			
February	92	7	0 ²	71	21	0 ²	93	4	0 ²	92	6	0 ²			
March	116	4	0 ²	107	2	0 ²	82	10	0 ²	76	1	0 ²			
Total	1165	42	0²	1089	103	0²	985	69	0²	1190	122	0²	537	61	0¹

¹ FIGURES SHOWN ARE UP TO SEPTEMBER 2017

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

APPENDIX J

Anticipated Demand Based on Current Performance

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	90.7%	1190 (around 28% electronic)
LLC1 only	9.3%	122 (around 0.5% electronic)
Total	100%	1312

APPENDIX K

Land Charges Budget History

Period	Net Income	Original Budget
2014/15	£161,041	£172,000
2015/16	£150,142	£169,200
2016/17*	£149,186	£140,000
2017/18	£118,000 est. (£59,013 to date)	£144,200 (£72,129 to date)

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

APPENDIX L

Corporate Charging Policy 2018/19 TO 2022/23

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

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

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

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

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

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

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

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

4. Trading

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

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

5. Value for Money

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

Report to Executive

Agenda
Item:

A.1(b)(iv)

Meeting Date: 20 November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and
 Budget Framework NO
 Public / Private Public

Title: REVIEW OF CHARGES 2018/19 – LICENSING
 Report of: Corporate Director of Governance and Regulatory Services
 Report Number: GD 68/17

Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive. The fees are outlined in the attached report GD 65/17.

Recommendations:

The Executive is asked to note the charges that were considered by the Regulatory Panel on 15th November 2017. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period on 1st August 2016.

Tracking

Executive:	20/11/17 & 18/12/17
Regulatory Panel:	15/11/17
Scrutiny:	Health and Wellbeing Scrutiny Panel 23/11/17 Economic Growth Scrutiny Panel 30/11/17 Business and Transformation Scrutiny Panel 5/12/17
Council:	

<h1>Report to Regulatory Panel</h1>	Agenda Item:
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Meeting Date: 15th November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Not Applicable:
 Within Policy and Budget Framework YES
 Public / Private Public

Title: REVIEW OF CHARGES 2018/19 – LICENSING
 Report of: Corporate Director of Governance & Regulatory Services
 Report Number: GD 65/17

Purpose / Summary:

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

Recommendations:

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

Tracking

Executive:	20/11/17 & 18/12/17
Scrutiny:	Health and Wellbeing Scrutiny Panel 23/11/17 Economic Growth Scrutiny Panel 30/11/17 Business and Transformation Scrutiny Panel 5/12/17
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 Governance and Regulatory Services 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 2018

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive and Full Council and sets out the City Council's policy for reviewing charges.
- 2.2 It is recognised that licence fees (that can be determined by local authorities) can only be set at a level which recovers the cost of administration, inspection and in some cases compliance of existing licences, which arise out of carrying out their licensing functions under the various legislation. Under European Directive 2006/123 art 13(2), any charges which an applicant for a licence may incur shall be reasonable and proportionate to the cost of the authorisation procedures in question and shall not exceed the cost of the procedures.
- 2.3 In July 2017 the Supreme Court has ruled in favour of Westminster City Council in a long running case on how licensing fees are charged (Hemming (t/a Simply Pleasure Ltd) and other v Westminster City Council) . The case will affect councils and other licence fee charging bodies across the UK allowing them to recoup regulatory and enforcement costs instead of just the administration costs of granting a licence. The original case was brought against the Council by the owner of the Simply Pleasures Ltd over licencing fees paid to operate a sex shop in Westminster.
- 2.4 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.
- 2.5 Recognition should be made of the risk that licensing income levels can be subject to market forces out with the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance

must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function.

- 2.6 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 LICENSES

- 3.1 Licensing income covers an extremely wide range of functions for which the Council is the licensing authority and the number of applications for various licences fluctuates each year. The current principal functions relate to the issue of licences for Premises and Personal (Licensing Act 2003), Hackney Carriages/Private Hire (Vehicles, Drivers and Operators), Gambling Premises and Machine Permits (Gambling Act 2005), Street Trading, Auctioneers and Sex Establishments.
- 3.2 The fee structure for charges relating to the Licensing Act 2003 is fixed by the Government.
- 3.3 With regard to the Gambling Act 2005 local authorities assumed responsibility for licensing gambling premises and gaming machines during 2007, whilst the Gambling Commission licensed operators and personal licence holders. The fee banding was set nationally and licensing authorities were given the flexibility to set their fees within these bands, dependent upon local circumstances. On 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.
- 3.4 The remaining licences administered by the Authority have locally set charges. A full review of the charging has been undertaken using a new formula on a cost per hour charge and a fee structure is proposed which will not compromise the Council's position as a fair charging authority and should achieve full cost recovery.

4 LICENCING ACT 2003

PREMISES LICENCES AND CLUB CERTIFICATES

- 4.1 The total number of premises and club certificates currently licensed is 501. 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 2018/19. Educational, church and community premises that apply for an entertainment only premises licence are exempt from the licence fee and we currently license 24 such premises.
- 4.2 The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. There is no change in the fee structure and based

upon the current number of licences issued, it is estimated that there will be an income of £99,000 in 2018/19, as set out in the fee bands at Appendix A.

PERSONAL LICENCES

- 4.3** Any person who authorises the sale of alcohol requires a personal licence. All premises that are licensed for the sale of alcohol must therefore have a personal licence holder to authorise that sale.
- 4.4** We currently have a total of 1743 Personal Licences issued to date and a licence is issued for an indefinite period.
- 4.5** The Authority receives requests for amendments to licences are these are charged at £10.50.
- 4.6** Based upon the current numbers of applications received between 1st April 2017 and the 1st October 2017 it is estimated that this will continue at the same level and generate an estimated annual income of £3,500.

5 VEHICLE & DRIVERS LICENCES

HACKNEY CARRIAGE VEHICLES

- 5.1** Under the provision of the Local Government (Miscellaneous Provisions) Act 1976, the City Council may fix a reasonable fee to cover the cost of administration of Hackney Carriage Licences and vehicle inspections.
- 5.2** Traditionally this Council has charged a lower fee for wheelchair accessible vehicles to encourage proprietors to purchase this type of vehicle. The difference in costs has been reduced over the years following a resolution by the Regulatory Panel to only issue new licences to wheelchair accessible vehicles and following the full review of charges it is proposed to bring these fees in line so that the same fee is charged for all Hackney Vehicle applications regardless of the type of vehicle.

HACKNEY CARRIAGE DRIVER LICENCES

- 5.3** The cost of a new driver licences reflect work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.
- 5.4** Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced drivers are charged at a renewal rate.

PRIVATE HIRE

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

PRIVATE HIRE DRIVER LICENCES

- 5.6** The cost of a new driver licences reflect work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.
- 5.7** Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced drivers are charged at a renewal rate.
- 5.8** The fees for drivers, vehicles and operators, which aim to generate income of £73,000 for Hackney Carriage and £29,500 for Private Hire in 2018/19, are set out in Appendix A.

6 SEX ESTABLISHMENTS

- 6.1** The City Council has issued two sex establishment licences. The review identifies no increase to the licence fee and estimates an income of £3,800 in 2018/19.

7 AUCTIONEERS

- 7.1** We only have one premise which requires licensed auctioneers. Currently we have 13 licensed Auctioneers. The estimated income in 2018/19 is £600.

8 PLEASURE BOATS & BOATMEN

- 8.1** The number of pleasure boats and boatmen has remained static in recent years. In order to approve the application the Licensing Authority is required to commission a professional inspector to assess the pleasure boats. The cost of this service is to be recharged to the applicant. The suggested charge aims to generate income of £500 in 2018/19.

9 SCRAP METAL DEALERS

- 9.1** 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.
- 9.2** The current fee was agreed by the Executive on 1st August 2016 for a period of three years and will be reviewed again in 2019.
- 9.3** The current renewals expect to generate income of £2900 in 2018/19, as set out in Appendix A.

10 STREET TRADING

- 10.1 A review of the Street Trading Policy has recently been undertaken as was approved by the Executive in 2017. The cost of an annual licence was increased during the charging review in November 2016 to reflect the changes to the policy and the increased administration costs of a Street Trading Consent.
- 10.2 It is proposed to introduce a discounted rate of £30 for an Occasional Street Trading Consent for applicants who currently hold an annual Consent to reflect the reduction in administration.
- 10.3 Based upon the current numbers of consents it is estimated that this will generate an estimated annual income of £4,800.

11 RIDING ESTABLISHMENTS

- 11.1 The current number of licensed riding establishments is 4. In order to approve the application the Licensing Authority is required to commission a Veterinary Surgeon to assess the establishment. The cost of this service is recharged to the applicant. The suggested charge aims to generate income of £500.

12 GAMBLING ACT 2005

LOTTERY LICENCES

- 12.1 The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the income target has been reduced to reflect this. The current fee should generate approximately £4,400 in 2018/19.

GAMBLING PREMISES AND MACHINE PERMITS

- 12.2 The fee bands are set by central government and the Licensing Committee sets its own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4th April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.
- 12.3 At the current level of fees, an estimated income of £14,000 for Gambling Premises and Machine Permits will be received during 2018/19, which is set out in Appendix B.

13 SUMMARY OF INCOME GENERATED

13.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £236,500 in 2018/19 which is summarised in the table below:

Service Area	Updated Budget 2017/18	MTFP Target 2018/19	Original Estimate 2018/19	Shortfall or (Excess) over MTFP	
Licensing Act 2003 - Premises	99,000	99,000	99,000	0	*
Licensing Act 2003 - Personal Licences	1,100	1,100	3,500	(2,400)	*
Gambling Act 2005 - Lotteries	4,400	4,400	4,400	0	*
Gambling Act 2005 - Premises and Gaming Machines	14,000	14,000	14,000	0	*
Hackney Carriage	73,000	73,000	73,000	0	
Private Hire	29,000	29,000	29,500	(500)	
Sex Establishment	3,800	3,800	3,800	0	
Auctioneers	600	600	600	0	
Pleasure Boats	1,100	1,100	500	600	
Scrap Metal	3,600	3,600	2,900	700	
Street Trading	6,700	6,700	4,800	1,900	
Riding Establishments	500	500	500	0	
Total	236,800	236,800	236,500	300	

*Fixed fee

14 CONSULTATION

Consultation to Date – None

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

15 RECOMMENDATIONS

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B' with effect from 1st April 2018

16 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: Nicola Edwards

Ext: 7328

**Appendices attached to report: A – Charging Structure 2018/19 – Licensing Act & Misc
B – Proposed Charging 2018/19 – Gambling Act**

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:

Community Services –

Corporate Support & Resources – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £236,500 against the MTFP target of £236,800. This represents a shortfall of £300 against the MTFP target which will be contained within the overall budgets for the service.

Economic Development –

Governance & Regulatory Services -

Charging structure – Licensing 2018/19

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

	New	Charge from 01/02/17 Annual Fee	Charge from 01/04/18 Annual Fee	Implementation Date
Premises	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
Personal Licence	37.00	Amendment – 10.50	Amendment 10.50	24/11/05

Vehicles - Hackney Carriages

		Charge from 01/02/17	Proposed Charge from 01/04/18
Hackney Carriage Vehicle (Non- Wheelchair)	New	231.00	- no new non WAV
	Renewal	197.00	190.00
Hackney Carriage Vehicle (Wheelchair)	New	215.00	230.00
	Renewal	176.00	190.00
Hackney Carriage Driver – 1 year	New	125.00	165.00
	Renewal	75.00	110.00
Hackney Carriage Driver – 3 year	New	242.00	285.00
	Renewal	185.00	195.00
Certificate of Compliance (COC)		10.00	11.00
Transfer of Licence		30.00	31.00
Change of Vehicle		30.00 (Exl Plate)	50.00 (Incl Plate)
Duplicate Licence		13.00	13.00
Test Fee		50.00	52.00
Test Fee DNTU		25.00	26.00
Retest Fee		35.00	36.00
New Licence Plate		13.00	14.00

Vehicles – Private Hire

		Charge from 01/02/17	Proposed Charge from 01/04/18	
Private Hire Vehicle	New	200.00	206.00	
	Renewal	160.00	165.00	
Private Hire Driver – 1 year	New	115.00	165.00	
	Renewal	75.00	110.00	
Private Hire Driver – 3 year	New	242.00	285.00	
	Renewal	185.00	195.00	
Certificate of Compliance (COC)		10.00	11.00	
Transfer of Licence		30.00	34.00	
Change of Vehicle		30.00 (Exl Plate)	55.00 (Incl Plate)	
Duplicate Licence		13.00	13.50	
Test Fee		50.00	52.00	
Test Fee DNTU		25.00	26.00	
Retest Fee		35.00	36.00	
Private Hire Operator	1-5 Vehicles	1 Year	175.00	210.00
		5 Year	495.00	490.00
	6-10 Vehicles	1 Year	245.00	275.00
		5 Year	550.00	615.00
	11-20 Vehicles	1Year	460.00	320.00
		5 Year	670.00	725.00
	21-30 Vehicles	1 Year	595.00	365.00
		5 Year	745.00	870.00
New Licence Plate		13.00	14.00	

Miscellaneous Licences

		Charge from 01/02/17	Proposed Charge from 01/04/18
Auctioneers		43.00	45.00
Riding Establishments (plus Vets Fees)		103.00	105.00
Sex Establishments	New	2500.00	2000.00
	Renewal	1900.00	1900.00
	Variation	250.00	250.00
	Transfer	125.00	125.00
Street Trader	New	210.00	230.00
	Renewal	210.00	210.00
	Occasional	50.00	50.00 30.00 (annual consent holders)
Scrap Metal Collector	New	250.00	No Change - Charges agreed by Executive
	Renewal	250.00	
	Vary Name/Address	30.00	
Scrap Metal Site	New	415.00	
	Renewal	415.00	
	Vary Name	30.00	
	Vary Site Manager	30.00	
	Vary Site	165.00	
	Add Site	165.00	
Boats (plus Inspection Fees)		45.00	
Boatman		25.00	37.00
Miscellaneous Duplicate Items		12.00	13.00

Gambling Act 2005 Premises Licence Fee Structure

APPENDIX 'B'

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)
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Meeting Date: 20 November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD.23/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: REVISED CAPITAL PROGRAMME 2017/18 AND PROVISIONAL CAPITAL PROGRAMME 2018/19 TO 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD 32/17

Purpose / Summary:

The report details the revised capital programme for 2017/18 together with the proposed method of financing as set out in Appendices A and B.
 The report also summarises the proposed programme for 2018/19 to 2022/23 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 2017/18 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2018/19 to 2022/23 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:	20 November 2017, 18 December 2017
Overview and Scrutiny:	BTSP 05/12/17; EGSP 30/11/17; HWSP 23/11/17
Council:	6 February 2018 (Budget Resolution)

1. BACKGROUND

- 1.1 This report details the revised capital programme for 2017/18 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 2018/19 to 2022/23, 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 12 September 2017:
- Capital Strategy 2018-19 to 2022-23 (Report RD15/17)
 - Asset Management Plan (Report GD58/17)
- 1.4 A Corporate Programme Board of senior officers, (the SMT Transformation sub-group) continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

2. CAPITAL RESOURCES

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

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

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

3. REVISED CAPITAL PROGRAMME 2017/18

- 3.1 The capital programme for 2017/18 totalling £9,010,700 was approved by Council on 11 July 2017 as detailed in the 2016/17 out-turn report (RD04/17).

- 3.2 The revised capital programme for 2017/18 now totals £9,513,400 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 2017/18 is shown below:

Summary Programme	£	Appx
2017/18 Original Capital Programme	9,010,700	A
Other adjustments	502,700	
Revised Capital Programme (Sept 2017)	9,513,400	A
Estimated Capital Resources available	(5,646,778)	B
Projected (Surplus) capital resources	3,866,622	

- 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 (RD29/17). That report also highlights an underspend of £450,131 against the profiled annual budget.

4. CAPITAL SPENDING PROPOSALS 2018/19 TO 2022/23

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

Capital Scheme	App/ Para	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Current Commitments:						
Vehicles & Plant	4.2	721	861	629	1,531	0
Planned Enhancements to Council Property	4.3	150	150	150	150	150
Disabled Facilities Grants	4.4	1,467	1,467	1,467	1,467	1,467
ICT Infrastructure	4.5	100	0	0	0	0
Leisure Facilities	4.6	5,000	0	0	0	0
Play Area Green Gyms		25	0	0	0	0
Total Existing Commitments		7,463	2,478	2,246	3,148	1,617
New Spending Proposals:						
Vehicles & Plant	4.2	0	35	18	(45)	1,297
ICT Infrastructure	4.5	257	48	83	83	116
Leisure Facilities	4.6	(5,000)	14,200	0	0	0
Fusehill Street Play Area	4.7	35	0	0	0	0
Planning Software	4.8	150	0	0	0	0
Regeneration of Botchergate/Carlisle Settle	4.9	247	247	247	247	0
Chatsworth/Portland Square Townscape Heritage Initiative	4.10	295	290	290	0	0
Cemetery Infrastructure	4.11	30	0	0	0	0
Recycling Containers	4.12	45	45	45	45	45
Business Interaction Centre	4.13	510	0	0	0	0
Total New Proposals		(3,431)	14,865	683	330	1,458
TOTAL POTENTIAL PROGRAMME		4,032	17,343	2,929	3,478	3,075

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 retained at the current level of £150,000.

4.4 Disabled facilities grant allocation will not be known until January 2018, although it has been assumed for the purpose of this report that the grant will be protected at the 2017/18 levels. This grant will be awarded via the County Council's Better Care Fund.

- 4.5 The provision for ICT replacement is currently included at £100,000 for 2018/19. Additional budgets are included to reflect revised requirements within the ICT Strategy.
- 4.6 Capital expenditure for the estimated enhancement work to Leisure Facilities is reprofiled from 2018/19 to 2019/20 to reflect the revised timeline in relation to the new provider contract start dates, and increased to reflect additional requirements for an improved scheme. For the purpose of the report it is assumed all expenditure will be in 2019/20 but once further detail is known this can be more accurately profiled.
- 4.7 This relates to the refurbishment, redesign and replacement of the play equipment at Fusehill Street play area and attracts match funding of £10,000.
- 4.8 This is an earmarked provision for the replacement of the Council's Planning Software system to ensure the statutory planning register information and development management service is maintained and secured. There may be income from additional planning fees that may contribute to the overall cost.
- 4.9 The Council has a duty to ensure the character and appearance of the conservation areas around Botchergate/London Road and Carlisle Settle areas. This expenditure is supported by an external funding application for £210,000 for each year of the scheme.
- 4.10 The Council has a duty to ensure the character and appearance of the conservation areas around Portland Square and Chatsworth Square. This is a project to the Townscape Heritage Initiative (THI) for the Portland Square area for public realm improvements for the areas in Council ownership. An external funding application via the THI for £270,000 for each year of the scheme.
- 4.11 A culvert at Fairy Beck within Carlisle Cemetery requires works to ensure that it does not pose a flood risk to the cemetery and surrounding households.
- 4.12 To cover expenditure on replacement recycling and refuse containers.
- 4.13 This relates to the refurbishment and development of the Business Interaction Centre at Paternoster Row/Castle Street following expiry of the lease to the University of Cumbria. This expenditure will be partly funded from an application to the European Regional Development Fund (ERDF) of £300,000 and dilapidation settlement.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2018/19 to 2022/23 based on the announcements by Government in the spending review.

Source of Funding	Para	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Grants:						
• Disabled Facilities Grant	5.2	(1,467)	(1,467)	(1,467)	(1,467)	(1,467)
• General Grants/Contributions	5.3	(925)	(2,480)	(480)	(210)	0
Capital Receipts:						
• Generated in year – Asset Business Plan	5.4	(2,754)	0	0	0	0
Direct Revenue Financing / Invest to Save	5.5	(912)	(1,316)	(1,018)	(926)	(926)
TOTAL RESOURCES		(6,058)	(5,263)	(2,965)	(2,603)	(2,393)

5.2 Disabled facilities grant allocation will not be known until January 2018, although it has been assumed for the purpose of this report that the grant will be protected at the 2017/18 levels. However as mentioned earlier this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the allocation will be.

5.3 General grants and contributions identified as funding streams for projects.

5.4 Capital receipts from the sale of fixed assets.

Capital receipts from the sale of assets have been updated following approval of the Capital Strategy by Council in September (Report RD15/17)

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

6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2018/19 TO 2022/23

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

	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Estimated in year Resources available (para 5.1)	(6,058)	(5,263)	(2,965)	(2,603)	(2,393)
Proposed Programme (para 4.1)	4,032	17,343	2,929	3,478	3,075
Projected (Surplus)/Deficit	(2,026)	12,080	(36)	875	682
Cumulative B/Fwd Balance	3,867	1,841	13,921	13,885	14,760
Cumulative year end Position					
• Borrowing Requirement (para 6.2)	1,841	13,921	13,885	14,760	15,442

- 6.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD30/17).

The table above shows there is a borrowing requirement from 2018/19. 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;
- No new major one-off schemes unless fully funded from grants or external funding;
- Providing an increased recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.
- Borrowing options for the Leisure facilities are still to be finalised depending upon the final scheme. This could include internal and external borrowing, profiling of the scheme, and phasing of any borrowing undertaken. For this report, it has been assumed that the scheme will have a gross cost of £14.2million with a net borrowing requirement of £12million.

7. CONSULTATION

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

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2017/18 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2018/19 to 2022/23 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;

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: Steven Tickner

Ext: 7280

**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:

Community Services – not applicable

Economic Development – not applicable

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

Corporate Support and Resources – Contained within the body of the report

Scheme	Original Capital Programme 2017/18 £	Other Adjustments £	Revised Capital Programme 2017/18 £
Public Realm (S106)	64,600	0	64,600
Castle Way (S106)	266,000	0	266,000
Arts Centre	47,300	0	47,300
Tennis Facilities	497,000	0	497,000
Cycle Track Development	717,000	157,300	874,300
Planned Enhancements to Council Property	215,000	0	215,000
Vehicles, Plant & Equipment	1,857,300	0	1,857,300
ICT Infrastructure	90,400	49,600	140,000
Private Sector Grants	2,594,700	0	2,594,700
Public Realm Improvements	243,200	25,000	268,200
Play Area Developments & Open Spaces	53,800	0	53,800
Kingstown Industrial Estate	9,800	0	9,800
Revenues & Benefits ICT Upgrades	45,200	0	45,200
Crindledyke Cycleway	268,700	0	268,700
IC Buildings Flood Reinstatement	713,500	0	713,500
Durrannahill Industrial Estate	105,400	0	105,400
Asset Review	203,600	0	203,600
Minor Works Grants	53,200	0	53,200
Market Hall Roof	460,000	0	460,000
Talkin Tarn	0	41,400	41,400
Affordable Homes (S106)	0	229,400	229,400
SUB-TOTAL	8,505,700	502,700	9,008,400
Capital Reserves to be released			
ICT Infrastructure	100,000	0	100,000
Play Area Green Gyms	25,000	0	25,000
Old Town Hall / Greenmarket	380,000	0	380,000
	505,000	0	505,000
REVISED TOTAL	9,010,700	502,700	9,513,400

REVISED CAPITAL PROGRAMME 2017/18 – PROPOSED FINANCING

Source of funding	2017/18 Original £	2017/18 Revised £	Notes
Capital Grants:			
• DFG	1,613,900	1,613,900	
• General	1,144,100	1,144,100	1
Capital Receipts:			
• B/fwd from previous year	(424,722)	(424,722)	
• PRTB receipts	150,000	150,000	2
• Generated in year (Asset Review)	200,000	200,000	
Capital Contributions			
• General	679,200	987,000	3
Direct Revenue Financing	1,774,300	1,976,500	4
TOTAL FINANCE AVAILABLE	5,136,778	5,646,778	
TOTAL PROGRAMME (SEE APP A)	9,010,700	9,513,400	
PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE	3,873,922	3,866,622	

Notes:

- Capital grant include funding for Tennis Facilities (£400,000), Cycle Track Development (£680,000), Play Area Developments (£10,900) and Minor Works Grants (£53,200).
- Revised projections from Riverside Group for 2017/18 will be provided in a future report to the Executive.
- General contributions relate to Castle Way S106 (£266,000), Cracker Packer (£64,600), Open Space Improvements (£42,900), Crindledyke Cycleway (£268,700), Public Realm Improvements (£25,000), Harraby Cycle Track (£90,400) and Affordable Homes S106 (£229,400).
- Changes to Direct Revenue Financing relate to Solar Panels (£7,300), Harraby Cycle Track (£103,900), Talkin Tarn Play Area (£41,400) and ICT Strategy (£49,600).

Report to Executive

Agenda
Item:

A.1
(d)

Meeting Date: 20th November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD23/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: **CORPORATE ASSETS
 3 YEAR REPAIR AND MAINTENANCE PROGRAMME
 2018/19 – 2020/21**

Report of: The Corporate Director of Governance & Regulatory Services
 Report Number: GD.72/17

Purpose / Summary:

This report sets out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the 3 year period 2018/19 to 2020/21 required to ensure the legal responsibilities of the City Council are met. It also provides a progress update on building maintenance.

Recommendations:

It is recommended that Executive approve;

1. the 3 year revenue maintenance programme set out in Appendix A as part of the budget process
2. the 2018/19 capital budget of £150,000 as part of the budget process.
3. the list of capital projects selected to meet the allocated capital budget of £150,000.

Tracking

Executive:	20 November 2017
Scrutiny:	
Council:	

1. BACKGROUND

1.1 Maintenance Strategy

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

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

1.2 Revenue Budget

The proposed 2018/19 revenue maintenance budget is approximately £700,000 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

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

1.3 Planned Maintenance

Each operational asset as a five year maintenance programme. Historically these programmes were updated annually by the Facilities team following inspection. With effect from 2018/19 a new programme of detailed condition surveys over a five year period for all Council operational assets has been commissioned. The results of these condition surveys will inform all future five year operational asset maintenance programmes.

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

1.4 Status Analysis

The maintenance schedule figure on the operational buildings is currently £2,766,270 and is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure reduces as maintenance projects are completed under the capital works programme and increases as condition surveys identify new maintenance projects. It is expected that this figure will increase as a result of new detailed condition surveys that are being undertaken for each operational asset over the next five years, together with the reduction to £150,000 in the capital schemes special project fund. The redevelopment of Bitts Park and the Pool facilities, together with the sale and acquisition of assets will also impact the maintenance schedule figure.

2. PROPOSALS

Planned Maintenance Capital Programme 2018/19

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

PROPERTY	PROJECT	COST
Talkin Tarn Tea Room	Strip and re-slate roof	£25,000
Upperby Park Pavillion	Re-roof	£12,000
Bousteads Grassing	Resurfacing work	£10,000
Cemeteries	Resurfacing work	£30,000
Old Fire Station	Replace windows – phase 1 of 2yr programme	£20,000
Tullie House	Plant replacement	£20,000
Enterprise Centre	Fire alarm replacement	£20,000
Dixon's Chimney	Repointing work – phase 1 of 3yr programme	£13,000
TOTAL		£150,000

3. CONSULTATION

Consultation has taken place with the Building & Facilities Manager and Finance colleagues.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

APPENDIX A

**MUNICIPAL MAINTENANCE BUDGET
2018/19 - 2020/21**

Cost Code	Description	2018/19 £	2019/20 £	2020/21 £
10110/1010	Bousteads Grassing/Prog Repair	7,500	7,700	7,800
10110/1059	Bousteads Grassing/M & E Maintenance	2,200	2,200	2,200
11057/1011/52603	Public Clocks/React Rep & Main	4,000	4,100	4,200
11057/3010/52602	E.C. Regulations/Lamps&Tubes	7,900	7,900	7,900
11057/3907/52503	Energy Fund	15,100	15,400	15,700
15100/1011	Allotments/React Rep & Maint	4,400	4,500	4,600
15120/1010	Bitts Park Depot/Prog Rep & Mnt	7,500	7,700	7,800
15120/1011	Bitts Pk Depot/React Rep&Main	3,900	4,000	4,100
15140/1010	Play Areas/Prog Repair & Main	8,300	8,500	8,600
15140/1011	Play Areas/React Rep & Maint	19,800	20,200	20,600
15160/1010	Green Space Operatns/Prog Rep & Maint	15,600	15,900	16,200
15160/1011	Green Spaces Ops/React Rep & Maint	25,900	26,400	26,900
15170/1010	Talkin Tarn/Programmed Repair & Maint	8,500	8,700	8,800
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,200	2,200	2,300
16050/1010	Tullie House Build Servs/Prog R & M	19,300	19,700	20,100
16050/1011	Tullie House Build Servs/React R & M	24,200	24,700	25,200
16050/1014	Tullie Hse/Millennium Gallery Planned	3,400	3,500	3,500
16050/1014	Tullie Hse/Millennium Gallery Reactive	7,400	7,500	7,700
16050/1014	Irishgate/Lift Planned Maintenance	16,600	16,900	17,300
16050/1014	Irishgate/Reactive Maintenance	8,100	8,300	8,400
16480/1010	Guildhall/Prog Repair & Maint	4,300	4,400	4,500
16490/1010	Arts Centre/Prog Repair & Maint *	12,500	12,800	13,000
16490/1011	Arts Centre/Reactive Repair & Maint *	12,500	12,800	13,000
16570/1010	Sands Client/Prog R & M	14,300	14,600	14,900
16570/1011	Sands Client/Reactive R & M	8,000	8,200	8,300
16580/1010	Pools Client/Prog Rep & Maint	11,400	11,600	11,900
16580/1011	Pools Client/React Rep & Main	7,800	8,000	8,100
16590/1010	Outdoor Rec Clnt/Prog Rep&Maint	21,400	21,800	22,300
16590/1011	Outdoor Rec Clnt/React Rep&Main	10,900	11,100	11,300
18010/1010	Civic Centre/Prog Rep & Maint	38,300	39,100	39,800
18010/1011	Civic Centre/React Rep & Main	44,000	44,900	45,800
18010/1014	Civic Centre/Office Alteratns	10,100	10,300	10,500
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	3,900
18010/4010	Civic Centre/Lift Maintenance	10,200	10,400	10,600
18010/4025	Civic Centre/Security	4,200	4,300	4,400
21100/1010	Enterprise Centre/Prog Rep/Mn	22,900	23,400	23,800
21100/1011	Enterprise Centre/React Rep&M	16,800	17,100	17,500
21600/1010	Comm Centres Gen/Prog Rep & Main	76,200	77,700	79,300
21600/1011	Comm Centres Gen/React Rep&Maint	48,500	49,500	50,500
24500/1010	Public Conveniences/Prog Repair & Main	11,200	11,400	11,700
24500/1011	Public Con/React Rep & Maint	18,200	18,600	18,900
25511/1010	Water Street Hostel Programmed Repair & Maint	3,500	3,600	3,600
25511/1011	Water Street Hostel Reactive Repair & Maint	5,200	5,300	5,400
25520/1010	Johns St Mens Accommodation/Prog Rep & Maint	1,300	1,300	1,400
25520/1011	John St Mens Accommodation React/Rep & Maint	5,900	6,000	6,100
25530/1010	Dispersed Accommodation/Program R&M	2,300	2,300	2,400
25530/1011	Dispersed Accommodation/React R&M	8,900	9,100	9,300
26510/1010	Cemeteries/Prog Repair & Main	18,700	19,100	19,500
26510/1011	Cemeteries/React Rep & Maint	10,700	10,900	11,100
26520/1010	Crematorium/Prog Rep & Maint	5,000	5,100	5,200
26520/1011	Crematorium/React Rep & Maint	8,900	9,100	9,300

42570/1011	Ind Est James St/Rep&Maint Rc	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	4,700	4,800	4,900
43070/1010	Old Town Hall/Prog Rep & Main	3,800	3,900	4,000
43070/1011	Old Town Hall/React Rep&Maint	1,500	1,500	1,600
	Total All Projects	701,400	715,500	729,300

Report to Executive

Agenda
Item:

A.1(e)

Meeting Date: 20 November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD23/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: TREASURY MANAGEMENT QUARTER 2 2017 AND FORECASTS FOR 2018/19 TO 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD.30/17

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 2018/19 with projections to 2022/23. 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 2018/19 to 2022/23 be incorporated into the budget reports considered elsewhere on the agenda.

Tracking

Executive:	20 November 2017
Overview and Scrutiny:	5 December 2017
Audit Committee:	12 January 2018
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 2017

- **Appendix A1** – Treasury Transactions July to September 2017
- **Appendix A2** – Investment Transactions July to September 2017
- **Appendix A3** – Outstanding Investments at September 2017 and

(ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2017/18:

- **Appendix B1 – Prudential Code background**
- **Appendix B2 – Prudential Indicators**

(iii) **Appendix C** sets out the draft base Treasury Management estimates for 2018/19 with projections to 2022/23 and which encompass the potential budget pressures and savings elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. Average cash balances will need to be amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

2. CONSULTATION

2.1 Consultation to Date.
None.

2.2 Consultation proposed.
The Business & Transformation 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 2018/19 to 2022/23 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 attached to report:

- Appendix A1 – Treasury Transactions July to September 2017**
- Appendix A2 – Investment Transactions July to September 2017**
- Appendix A3 – Outstanding Investments at 30 September 2017**
- Appendix B1 – Prudential Code background**
- Appendix B2 – Prudential Indicators**
- Appendix C – Treasury Projections 2018/19 – 2022/23**

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:

Community Services – not applicable

Economic Development – not applicable

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

Corporate Support & Resources – Contained within the report

TREASURY TRANSACTIONS
JULY 2017 to SEPTEMBER 2017

1. LOANS (DEBT)1.1 Transactions July to September 2017

	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. Procedures, adopted to map the cash flow more accurately, ensure better forecasting and limits the amount of short term/overnight borrowing which may be required.

1.2 Loans (Debt) Outstanding at September 2017

	£
City of Carlisle Stock Issue	15,000,000
Short Term Loans	12,800
	15,012,800

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 30 September 2017 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	12,800
			12,800

1.5 Interest Rates

Capita are currently revising their interest rate forecasts following the bank rate increase in early November from 0.25% to 0.50%.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	25,700,000	0.17 - 0.6850	20,550,000	0.17 - 0.77
	25,700,000		20,550,000	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 30 September 2017.

3 REVENUES COLLECTED

To: 30 September 2017		Collected £	% of Amount Collectable %
2017/18	Council Tax NNDR	32,327,974 25,527,972	56.55 57.28
Total		57,855,946	56.87
2016/17	Council Tax NNDR	29,944,677 26,320,394	56.27 57.94
Total		56,265,072	57.04
2015/16	Council Tax NNDR	29,418,449 25,123,526	56.99 57.30
Total		54,541,975	57.13

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

4 BANK BALANCE

At 30 September 2017 £304,084.18 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 2017

April –September 2017

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(131)	(106)	25
Interest Payable	191	190	(1)
Less Rechargeable	0	0	0
	191	190	(1)
Principal Repaid (MRP)	187	147	(40)
Debt Management	13	13	0
NET BALANCE	260	244	(16)

The profiled budget is to 30 September 2017.

Interest receivable is slightly below expectations due to lower than forecast average cash balances and a lower rate of return being achieved on treasury investments when compared to when the budgets were set. The CCLA property investment saw a decrease in the capital value to the end of June, but has steadied since in the second quarter with the valuation remaining at a similar level. Dividends and yield remain at over 4.60%

APPENDIX A2

SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2017

INVESTMENTS MADE		INVESTMENTS REPAYD	
	£		£
Federated Investors	4,000,000.00	Standard Life	1,000,000.00
Handelsbanken	2,900,000.00	Handelsbanken	1,300,000.00
Standard Life	1,000,000.00	Federated Investors	200,000.00
Handelsbanken	4,000,000.00	Handelsbanken	2,700,000.00
Goldman Sachs	1,000,000.00	Standard Life	300,000.00
Standard Life	1,400,000.00	Standard Life	1,100,000.00
Goldman Sachs	1,000,000.00	Handelsbanken	1,100,000.00
Federated Investors	1,900,000.00	Handelsbanken	200,000.00
Handelsbanken	4,000,000.00	Federated Investors	1,450,000.00
HSBC	1,100,000.00	Handelsbanken	2,700,000.00
HSBC	1,400,000.00	Federated Investors	250,000.00
Bank of Scotland	1,000,000.00	Handelsbanken	50,000.00
Goldman Sachs	1,000,000.00	HSBC	1,100,000.00
		Handelsbanken	450,000.00
		HSBC	1,400,000.00
		Bank of Scotland	1,000,000.00
		Handelsbanken	3,250,000.00
		Goldman Sachs	1,000,000.00
TOTAL	25,700,000		20,550,000
		Bfwd	10,829,873
		Paid	25,700,000
		Repaid	20,550,000
		Total	15,979,873
		CCLA Change	70,351
		Total	16,050,224

Outstanding Investments as at 30 September 2017

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
R	Bank Of Scotland	1,500,000	0.55%	13/04/2017	13/10/2017	13	183	4,136
R	Goldman Sachs	1,000,000	0.72%	13/04/2017	13/10/2017	13	183	3,610
R	Standard Chartered	2,000,000	0.44%	02/05/2017	02/11/2017	33	184	4,436
R	Goldman Sachs	1,000,000	0.58%	01/08/2017	01/02/2018	124	184	2,924
R	Goldman Sachs	1,000,000	0.54%	16/08/2017	16/02/2018	139	184	2,722
R	Bank Of Scotland	1,000,000	0.38%	20/09/2017	21/03/2018	172	182	1,895
R	Goldman Sachs	1,000,000	0.69%	29/09/2017	29/03/2018	180	181	3,397
O	Svenska Handelsbanken	250,000	0.20%					0
Y	Federated Investors	4,000,000	0.20%					0
Total Investments		£12,750,000	0.43%			96	183	£23,120

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) ¹	Initial Market Value (£)	Unrealised Growth (£)
CCLA Property Fund	3,300,224	4.60%	31/07/2014	3,000,000	(163,104)	2,836,896	300,224

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

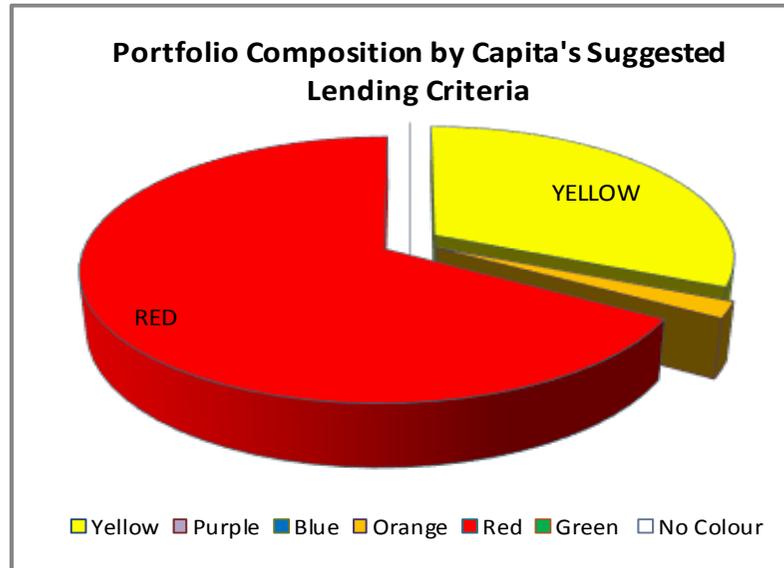
The category colour represents the duration of investment recommended by Capita, the Council's Treasury Advisors. Those investments with no colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investment Summary Sheet

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	Weighted Average Rate of Return (WARoR)	Weighted Average Days to Maturity (WAM)	Weighted Average Dats to Maturity from Execution (WAM at Execution)
Yellow	31.37%	4,000,000	100.00%	4,000,000	31.37%	0.20%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Orange	1.96%	250,000	0.00%	-	0.00%	0.20%	2	3
Red	66.67%	8,500,000	0.00%	-	0.00%	0.54%	84	183
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.00%	12,750,000	31.37%	4,000,000	31.37%	0.43%	56	122

Risk Score for Colour (1 = Low, 7 = High)	Sep 2017	Jun 2017	Mar 2017	Dec 2017
1	0.3	0.0	0.0	0.0
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	0.1	0.6	0.3	0.8
5	3.3	4.3	4.6	4.0
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	3.7	4.2	4.9	4.8

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



Normal' Risk Score	Sep 2017	Jun 2017	Mar 2017	Dec 2017
	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 2017/18 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 2017/18 to date as detailed in the Treasury Management Strategy Statement for 2017/18.

(a) Affordability

	2017/18 Original Estimate £	2017/18 Revised Estimate £
(i) Capital Expenditure	3,182,000	9,008,400
(ii) Financing Costs Total Financing Costs	1,244,000	1,223,000
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	12,047,000	12,047,000
(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.	10.33%	10.15%
(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.	(1.36)	3.00
(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.	15,012,800	15,012,800

	2017/18 Original Estimate £	2017/18 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	32,600,000
	15,012,800	15,012,800
(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.	12,645,000	n/a

(b) Prudence and Sustainability

	2017/18 Original £
(i) New Borrowing to Date No Long Term Borrowing has been taken in 2017/18 to date	0
(ii) Percentage of Fixed Rate Long Term Borrowing at September 2017	100%
(iii) Percentage of Variable Rate Long Term Borrowing at September 2017 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 2017 As part of the Investment Strategy for 2017/18, 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 2017/18 and 2018/19 with projections to 2022/23

	2017/18 Revised £000	2018/19 Estimate £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000
Interest Payable	1,319	1,320	1,704	851	817	782
Core MRP	373	471	403	760	742	753
MRP Adjustments	(226)	(226)	(226)	(226)	(226)	0
Debt Management						
Sector	15	15	15	15	15	15
Publications	1	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(23)	(18)	(18)	(18)	(18)	(18)
Total Expenditure	1,458	1,562	1,879	1,383	1,331	1,533
Interest Receivable	(239)	(264)	(258)	(324)	(409)	(465)
Other Interest Recharged	3	3	3	3	3	3
Total Income	(236)	(261)	(255)	(321)	(406)	(462)
Treasury Management Net Expenditure	1,222	1,301	1,624	1,062	925	1,071
Council Resolution Budget 17/18	1,245	1,485	1,540	588	490	879
Difference to Council Resolution Position	(23)	(184)	84	474	435	192
Cumulative Difference to Council Resolution Position	(23)	(207)	(123)	350	785	976

Report to Executive	Agenda Item: A.1 (f)
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Meeting Date: 20 November 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD23/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: LOCAL TAXATION 2018/19 – 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD33/17

Purpose / Summary:

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

Recommendations:

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2018/19 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2018/19 subject to the continuing involvement of the other partners which will be formally agreed in January 2018 with the final decision on participation being delegated to the Chief Finance Officer; this being subject to the outcome of the Business Rate Retention pilot bid for 100% retention in 2018/19.

Tracking

Executive:	20 November 2017, 18 December 2017
Overview and Scrutiny:	BTSP 05/12/17; HWSP 23/11/17; EGSP 30/11/17
Council:	

1. INTRODUCTION

- 1.1. This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2018/19 onwards.

2. COUNCIL TAX

2.1 Level of Council Tax

The Medium Term Financial Plan assumes that the City Council element of residents Council Tax bills will increase by **£5 per annum** (Band D Equivalent) between 2018/19 and 2022/23. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Band D Council Tax	£202.20	£207.20	£212.20	£217.20	£222.20	£227.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.47%	2.41%	2.36%	2.30%	2.25%

The Government have proposed, and contained within the 2018/19 Local Government Finance Settlement – Technical Consultation document, that the referendum limit of 2% be continued, however, that Shire District Councils be allowed to increase council tax by either 2% or £5, whichever is higher.

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
MTFP Tax Base	32,927.91	33,019.78	33,111.90	33,204.29	33,296.93	33,289.82
MTFP Council Tax Yield (£000)		£6,842	£7,026	£7,212	£7,399	£7,586

2.2 Council Tax Surplus/Deficit

The Medium Term Financial Plan assumes that there will be a recurring surplus on the Collection Fund for Council Tax of £50,000. An estimate of the year end surplus is undertaken in January each year and this estimate is then incorporated into the budget process as the amount that will either be recovered from Council Tax or repaid to taxpayers through a lower Council Tax requirement in following years. The year-end position for 2016/17 was higher than that estimated in January for 2017/18, therefore, there is likely to be a higher surplus to be distributed in 2018/19 compared to that currently included in the budget. This will not be known until the calculation is made on 15 January 2017 (the statutory date for calculation).

2.3 Council Tax Base

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

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

Care leavers discretion is a further discount which is being considered on a county wide basis, the results of which will be considered at a future meeting of the Executive.

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

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

This was a major change affecting a key statutory service. Under CTB, qualifying claimants had their Council Tax liability reduced/fully rebated by a benefit payment scheme administered by Local Authorities but fully funded by DWP.

Under CTRS, qualifying claimants have their Council Tax reduced/fully rebated through a discount scheme which reduces the taxbase. This leads to a loss of Council Tax income which is currently partly offset by Government grant (subsumed into Revenue Support Grant (RSG)). Due to the reductions in RSG, and with RSG being phased out by 1st April 2019, the cost of CTRS to the Council rises steeply over the next few years (see Table 1 below) reaching approx. £850,000 by 2019/20. **The impact of this increase is built into the MTFP.**

Table one: Cost of CTRS to Carlisle City Council

Financial Year	Amount Awarded £	Carlisle Share of Amount Awarded	Carlisle Share of RSG Grant	Net Cost to Carlisle	Amount Paid to Parishes	Funded by Carlisle CC
2013-14	7,201,667	878,603	816,214	62,389	53,884	8,505
2014-15	6,850,598	835,773	619,637	216,136	53,884	162,252
2015-16	6,618,910	807,507	447,582	359,925	53,884	306,041
2016-17	6,764,774	825,302	306,030	519,272	53,884	465,388
2017-18	6,982,019	823,878	171,257	652,621	30,154	622,467
2018-19	7,031,172	829,678	89,516	740,162	14,775	725,387
2019-20	7,168,280	845,857	0	845,857	0	845,857

The Carlisle Share of the amount awarded is based on the Council's 11.8% element of the Council Tax charge with the other precepting authorities picking up their share of the cost based on their share of Council Tax.

2.4.1 Local Discretion CTRS

Under the regulations the Council can, subject to consultation, set up a local scheme requiring working age claimants to contribute towards Council Tax liability.

The Council was one of a minority of Councils that chose not to opt for a local scheme (but keep the default statutory scheme) when CTRS was introduced in 2013/14.

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

It should be noted that in 2017/18 only 37 Councils (including the six Cumbrian Districts) have maintained a fully rebated CTRS Scheme.

2.4.2 Cost of Maintaining Existing Fully Rebated CTRS Scheme

In 2017/18 the total reduction in Council Tax bills through CTRS was £6,982,000. Total claimants were as follows.

Table 2 CTRS Claimants

	Number:	Est Costs:
Pensionable Age (Fully rebated)	3,337	£2,921,500
Working Age	<u>4,808</u>	<u>£4,060,500</u>
Total	8,145	£6,982,000

As set out in Table 1, the net cost of CTRS to the Council in 2017/18 is £622,467 with £367,443 relating to working age claimants.

However, by 2019/20 the net cost of CTRS to the Council will be £845,857 with £499,310 relating to working age claimants.

2.4.3 Options for Change

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

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

Only (i) would raise significant income for the Council and in 2019/20 only £85,640 which would probably only just cover the Council's costs of collection and bearing in mind the likely write-offs, unlikely to make business sense.

As the cost of fully funding CTRS will be £850,000 by 2019/20, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the County Council and Police Authority, as consultees to any proposed changes.

2.4.4 Consultation requirements

If the Council wished to change its fully rebated CTRS Scheme in future it would need to consult widely with the Police and Crime Commissioner, the County Council, claimants and welfare agencies. This would take some time and would need to commence by early June to be included in the following year's budget proposals.

The statutory provisions are silent on the consultation required when a Council is not proposing to change its CTRS Scheme, hence no consultation has taken place since fully rebated scheme was introduced in 2013/14.

Cumbria Chief Finance Officers (CCFOs) discuss the CTRS Scheme each year, and to date there has been a consensus that the six districts maintain a fully rebated CTRS Scheme.

It is therefore recommended that the current statutory default scheme be continued for 2018/19.

3.0 BUSINESS RATES

3.1 Business Rate Retention

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

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

	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000
Baseline Funding	3,215	3,329	3,411	3,513	3,583
Additional Business Rate Income	750	900	900	900	900
	3,965	4,229	4,311	4,413	4,483

Significant changes are on the horizon for Business Rates with the Government's intention to allow Local Authorities to retain 100% of business rates within the sector rather than the current 50/50 arrangement. It is thought that this will be implemented nationwide by 2020, however, the Government has requested areas to submit bids to be part of the pilot scheme for 2018/19 and as previously reported to Executive (RD24/17), Cumbria has submitted an application to be a pilot area for 100% retention for 2018/19. The outcome of this application will not be known until the Local Government Finance Settlement is announced in December. Should the application not be successful, it is the intention to continue with the pooling arrangements in Cumbria for 2018/19.

Further considerations with the introduction of a full 100% business rates retention scheme are the funding splits between upper and lower tier authorities and the additional responsibilities that will be passed on to local authorities. In the current system, 50% business rates are retained by Central Government, 40% by the District Council and 10% by the County Council. Counties are pushing for a greater share of the additional 50% that will not be passed on to central government. This is not necessarily a cause for alarm for districts however, as along with a greater share of the benefits, also comes a greater share of the risks for Counties, for example around volatility of business rate appeals and refunds.

The Government has consulted on the proposed additional burdens to be passed on to local authorities as part of the 100% retention. The majority of the areas under consideration would fall to upper tier authorities, e.g. around social care and public health. District Councils will likely to be asked to pick up the costs of Housing Benefit Administration for pensioners and Local Support of Council Tax (LSCT) Administration which is currently provided as a specific grant. This Council currently receives £125,000 for LSCT administration and £375,000 for housing benefit administration in its entirety.

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

3.2 Business Rate Pooling

The Council has successfully participated in the Cumbria Business Rate Pool arrangements since 2014/15. This allows the Council to benefit from the 50% business rate growth in Cumbria that would normally be passed back to Central Government as levy payments. The Council benefited by £372,344 in 2016/17 and £289,156 in 2015/16.

If the 100% Rates Retention pilot application is unsuccessful, it is again proposed that the Council continues to participate in the Cumbria Pool for 2018/19.

4.0 SUMMARY OF ASSUMPTIONS

- A £5 (Band D Equivalent) Council Tax increase for 2018/19 onwards.
- A Council Tax Surplus for 2018/19 onwards of £50,000. The actual figure for 2018/19 will be available in January.

- Retained business rates are assumed at the Baseline level with an additional £750,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2018/19 rising to £900,000 in 2019/20.
- An assumed taxbase of 33,019.78 for 2018/19. The final taxbase for 2018/19 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2018/19 is for a total of £544,000 (including approximately £14,000 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 £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

5.0 CONSULTATION

5.1 The Business and Transformation Scrutiny Panel will consider this report on 5 December 2017, and their views fed back to the Executive on 11 December. The draft budget proposals will then be issued by the Executive on 18 December, and will be subject to wider internal and public consultation.

6.0 RECOMMENDATIONS

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2018/19 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2018/19 subject to the continuing involvement of the other partners which will be formally agreed in January 2018 with the final decision on participation being delegated to the Chief Finance Officer; this being subject to the outcome of the Business Rate Retention pilot bid for 100% retention in 2018/19.

7.0 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 To ensure that a balanced budget is set.

Contact Officer: Steven Tickner

Ext: 7280

Appendices

attached to report:

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

- None

CORPORATE IMPLICATIONS/RISKS:

Community Services – not applicable

Economic Development – not applicable

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

Corporate Support and Resources – contained within the body of the report

Report to Council

**Agenda
Item:

19(ii)**

Meeting Date: 12 September 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref:KD07/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2018/19 to 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD14/17 (amended)

Purpose / Summary:

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

Recommendations:

The Council is asked to approve the Medium Term Financial Plan for the period 2018/19 to 2022/23.

Tracking

Executive:	31 July 2017
Scrutiny:	3 August 2017
Executive:	29 August 2017
Council:	12 September 2017

Report to Executive	Agenda Item:
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Meeting Date: 29 August 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref:KD07/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2018/19 to 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD14/17 (amended)

Purpose / Summary:

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

Following consideration by the Executive final recommendations will be made to Council on 12 September 2017.

Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business & Transformation Overview and Scrutiny Panel on 3 August prior to making recommendations to Council on 12 September 2017

Tracking

Executive:	31 July 2017
Overview & Scrutiny:	3 August 2017
Executive:	29 August 2017
Council:	12 September 2017

1. BACKGROUND

- 1.1 The Medium Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2018/19 to 2022/23. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 7 February 2017. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.

2. KEY DATES

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Business and Transformation Scrutiny Panel, these will be formally approved by Council on 12 September 2017.
- 2.2 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 20 November. These reports will be scrutinised by the three Overview and Scrutiny Panels at the end of November and beginning of December.
- 2.3 Proposals to streamline the budget reporting process are continuing, and a review of budget consultation documents will shortly commence. This is to provide more clarity on the financial pressures the Council is facing and to assist stakeholders in their understanding of the budget process. It is also hoped that by streamlining the process and by providing further information as part of the consultation process, the overall budget planning process will become more transparent.

3. KEY MESSAGES

- 3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:

- Achievement of transformation savings;
- Further reductions in government grant, e.g. New Homes Bonus, Housing Benefit Admin Grant;
- Further consideration of the move to 100% Business Rate Retention and the added responsibilities that may be passed on to the Council as well as future resets of Business Rate Retention scheme. Further guidance from the DCLG is anticipated on the Business Rate retention scheme to inform the budget process.

3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:

- Business Rate Retention Growth and Pooling
- Refinancing / repayment of Stock Issue loan in 2020

3.3 Following consultation with the Business and Transformation Scrutiny Panel, the wording at section 4.5 of the MTFP has been revised to give a clearer definition around surplus cash position and the relationship between the Capital Financing Requirement (CFR) and the actual borrowing level.

4. CONSULTATION

4.1 The draft MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.

4.2 The Business and Transformation Scrutiny Panel considered the MTFP on 3 August, and recommendations are to be made to full Council on 12 September.

4.3 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 The Executive is asked to:

- (i) Comment and consider the comments made by the Business & Transformation Overview and Scrutiny Panel on 3 August prior to making recommendations to Council on 12 September 2017

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner

Ext: 7280

**Appendices Appendix 1 – Medium Term Financial Plan 2018/19– 2022/23
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:

Community Services –

Economic Development –

Governance & Regulatory Services – The Council has a legal duty to put in place a balanced budget to the satisfaction of the Council's Section 151 Officer. The Medium Term Financial Plan is an important part of fulfilling this obligation.

Corporate Support & Resources – Contained within the MTFP

Medium Term Financial Plan

Carlisle City Council

2018/19 to 2022/23

Contents

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1.0 Introduction

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

2.0 Financial Principles supporting the MTFP

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

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision making procedures to help achieve the best use of available resources;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £2m over the life of the MTFP subject to an annual risk assessment;
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Commitment to minimise staff compulsory redundancies;
- Consider any implications of the public sector pay cap discussions;
- Consider the impact of any other Government Budget initiatives e.g. 100% retention of Business Rates, Business Rate Baseline resets;
- Consider the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;
- Consider how the achievement and any re-profiling of transformation savings will affect the overall level of savings to be made.

Revenue Budget Assumptions:

- *Phased removal of Revenue Support Grant included in MTFP by 2019/20;*
- *No assumptions for changes in the Business Rates Baseline funding or for potential 100% retention;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 1% until 2019/20, then 2% thereafter.*

Financial Principle 2 – Commercial and Income Generation

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

Charging/Income Assumptions:

- *Additional income from assets is assumed to offset the £1m saving requirement from asset management in 2018/19;*
- *Income from fees and charges currently achieve approximately £5m per annum.*

Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;
- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should continue for 2018/19;
- Assessment of the impact of 100% business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;

- Annual approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a £5 increase per annum (Band D Equivalent) over the lifetime of the MTFP;*
- *Business Rate Retention growth assumed at £750,000 above the baseline level set by Government rising to £900,000 by 2019/20.*

Financial Principle 4 – Treasury Management

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

Financial Principle 5 – Capital Investment

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

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £5million redevelopment of Leisure Facilities funded from borrowing with the borrowing costs funded from reduction in Leisure subsidy; however the redevelopment costs could be between £7.4million and £14.2million. This will be subject to further reports to the Executive.*

3.0 Links to other Strategies

3.1 The Carlisle Plan

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

The key priorities are:

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

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

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

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

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

4.0 Revenue Budget Forecasts

4.1 Current Budget Forecast

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

4.1.2 The Council approved the current forecast for the period 2017/18 to 2021/22 in February 2017 and details are shown below together with the base estimate figures for 2022/23.

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Recurring Revenue Expenditure	11,616	11,217	11,921	11,700	11,970	12,337
Non Recurring Commitments	(634)	(333)	(690)	(585)	(124)	0
Carry Forwards from previous yrs	546	10	0	0	0	0
Total Revenue Expenditure (Net)	11,528	10,894	11,231	11,115	11,846	12,337
Of Which: Inflation	226	229	229	225	367	367
Funded By:						
Council Tax Income	(6,658)	(6,842)	(7,026)	(7,212)	(7,399)	(7,586)
Estimated Council Tax Surplus	(137)	(50)	(50)	(50)	(50)	(50)
Revenue Support Grant	(856)	(435)	0	0	0	0
Business Rates Baseline	(3,114)	(3,215)	(3,329)	(3,411)	(3,513)	(3,583)
Business Rates Growth/Pooling	(700)	(750)	(900)	(900)	(900)	(900)
Total Funding	(11,465)	(11,292)	(11,305)	(11,573)	(11,862)	(12,119)
Total Contribution Required From / (To) Reserves	63	(398)	(74)	(458)	(16)	218
Broken Down as:						
Recurring Commitments	(151)	75	(616)	(127)	(108)	(218)
Non recurring Commitments	88	323	690	585	124	0

Table 1: Summary Budget Position (excluding Parish Precepts)

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

4.2 Funding Prospects

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

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

4.2.3 Revenue Support Grant

It is the intention that RSG will be removed completely by 2019/20. The Council accepted the offer of a four-year settlement from 2016/17 for authorities who signed up to an efficiency program. The Medium Term Financial Plan includes this four-year settlement for the loss of RSG.

4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £750,000 for 2018/19 rising to £900,000 by 2019/20. In the past three years the Council has achieved growth over and above the budgeted level, and as such the MTFP assumes these amounts will grow to £900,000 by 2019/20.

The Council continues to participate in the Cumbria Business Rates Pool that also enables the County and the Council to retain more of the growth it generates. However, the announcement that local authorities will get to keep 100% of business rates by 2020 will impact the viability of pools. Further details on how the 100% retention will actually work and its specific impact on Carlisle are yet to be understood, but the proposal comes with an understanding that local authorities will have to take on additional responsibilities, which may mean additional cost pressures. Further guidance on this issue is anticipated from the DCLG to inform the budget process.

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

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Revenue Support Grant % Change	(856)	(435) -49%	0 -100%	0	0	0
Business Rates Baseline % Change	(3,114)	(3,215) 3%	(3,329) 4%	(3,411) 2%	(3,513) 3%	(3,583) 2%
Rates Growth/Pooling % Change	(700)	(750) 7%	(900) 20%	(900) 0%	(900) 0%	(900) 0%
Total Funding	(4,670)	(4,400)	(4,229)	(4,311)	(4,413)	(4,483)

Table 2: Funding

4.2.7 Council Tax

The MTFP includes Council Tax increases from 2018/19 onwards at £5 per Band D equivalent.

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

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

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

	Budget	Forecasts				
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Council Tax Base % Change	32,927.91 £000	33,019.78 £000 0.28%	33,111.90 £000 0.28%	33,204.29 £000 0.28%	33,296.93 £000 0.28%	33,389.82 £000 0.28%
Council Tax Surplus % Change	(137)	(50) -64%	(50) 0%	(50) 0%	(50) 0%	(50) 0%
Band D Council Tax % Change	202.20	207.20 2.47%	212.20 2.41%	217.20 2.36%	222.20 2.30%	227.20 2.25%
Total Yield	(6,795)	(6,892)	(7,076)	(7,262)	(7,449)	(7,636)

Table 3: Council Tax

4.3 **Efficiency Strategy**

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

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

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

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
In Year Savings requirement	795	1,479	0	0	0	0
Cumulative Requirement	795	2,274	2,274	2,274	2,274	2,274

Table 4: Savings Requirement

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

	Budget	Achieved
	£000	£000
2017/18		
Rethinking Waste	400	0
Voluntary Redundancy/Early Release (1)	395	395
	795	395
2018/19		
Leisure Services Grant	329	0
Increased Income from Assets	1,000	435
Voluntary Redundancy/Early Release (1)	150	19
	1,479	454
Total	2,274	849

Table 5: Savings

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

4.4 **Capital Investment Priorities**

4.4.1 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.

4.4.2 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.

4.4.3 The MTFP assumes that there will be a recurring revenue contribution to fund the capital programme including amounts to fund the renewal of the refuse fleet.

4.4.4 The Capital Financing Requirement (CFR) represents the Council’s underlying need to borrow. This is different to actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no increase 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.

4.4.5 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.

4.4.6 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 3% of the CFR on a straight line basis. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

4.4.7 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				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Capital Expenditure	9,011	7,463	2,478	2,246	3,148	1,617
Capital Resources Receivable in Year	(8,556)	(2,875)	(2,445)	(2,443)	(2,351)	(2,351)
MRP & Repayment of Debt	(158)	(167)	(300)	(292)	(278)	(519)
Change in Underlying need to borrow	297	4,421	(267)	(489)	519	(1,253)
CFR Brought Forward	12,422	12,719	17,140	16,873	16,384	16,903
CFR Carried Forward	12,719	17,140	16,873	16,384	16,903	15,650

Table 6: Capital Financing Requirement

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 2017, the Council had investments of £16.420million. 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 2018, investment balances would fall to around £15.5m. The following table shows the breakdown of the investment balance and what the cash relates to:

4.5.3 The figures shown in the following table 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					
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Investments	16,420	15,432	16,424	16,780	17,742	17,254	18,522
<i>Made up of:</i>							
General Fund Reserves	4,194	4,131	4,529	4,603	5,061	5,077	5,077
Capital Reserves	600	615	630	645	660	675	690
Earmarked Revenue Reserves	3,606	3,606	3,606	3,606	3,606	3,606	3,606
Provisions	1,644	1,644	1,644	1,644	1,644	1,644	1,644
Collection Fund Adj Account	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Capital Grants Unapplied	794	794	794	794	794	794	794
Working Capital (incl Collection Fund)	2,996	2,353	2,353	2,353	2,353	2,353	2,353
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	13,829	13,138	13,551	13,640	14,113	14,144	14,159
Surplus Cash/(Cash Deficit)	2,591	2,294	2,873	3,140	3,629	3,110	4,363

Table 7: Investments & Reserves

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

4.5.4 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 external borrowing when there is a deficit.

4.5.5 This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Outturn	Forecasts					
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
CFR (Underlying Need to borrow)	12,422	12,719	17,140	16,873	16,384	16,903	15,650
Total Borrowing	15,013	15,013	20,013	20,013	20,013	20,013	20,013
(Surplus Cash)/Cash Deficit	(2,591)	(2,294)	(2,873)	(3,140)	(3,629)	(3,110)	(4,363)
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Surplus Cash)/Cash Deficit	(2,591)	(2,294)	(2,873)	(3,140)	(3,629)	(3,110)	(4,363)

Table 8: Borrowing position

4.5.6 Therefore, the Council is holding £2.591million of cash in its investment balances that can be attributed to the amount of debt it holds. Where actual debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

5.0 Provisions, Reserves & Balances

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

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

5.2 General Fund

5.2.1 The balance on the General Fund shall broadly equal £2million. 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**. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes with full localisation of business rates.

5.2.2 If the balance in the short-term falls below £2million, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.

5.2.3 If the balance in the short-term exceeds £2million then the surplus will be transferred to the Council's Project Reserve.

5.3 Earmarked Reserves

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

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

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

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

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

	31/03/2017 £000	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000
General Fund Reserve	2,000	2,000	2,000	2,000	2,000	2,000
Projects Reserve	1,089	1,026	1,424	1,498	1,956	1,972
Carry Forward Reserve	1,105	1,105	1,105	1,105	1,105	1,105
	4,194	4,131	4,529	4,603	5,061	5,077
<u>Revenue Earmarked Reserves</u>						
Flood Reserve	500	0	0	0	0	0
Transformation Reserve	150	0	0	0	0	0
Cremator Reserve	756	0	0	0	0	0
Welfare Reform Reserve	200	0	0	0	0	0
Car Park Enhancement Reserve	107	0	0	0	0	0
City Centre Reserve	42	0	0	0	0	0
Economic Investment Reserve	6	0	0	0	0	0
Repairs & Renewals Reserve	214	0	0	0	0	0
Leisure Reserve	80	0	0	0	0	0
Revenues & Benefits Reserve	338	0	0	0	0	0
Prosecutions Reserve	21	0	0	0	0	0
Promoting Carlisle Reserve	30	0	0	0	0	0
Revenue Grants Reserve	865	0	0	0	0	0
Building Control Reserve	187	0	0	0	0	0
BRR Volatility Reserve	110	110	110	110	110	110
	3,606	110	110	110	110	110
Total Revenue Reserves	7,800	4,241	4,639	4,713	5,171	5,187

Table 9: Revenue Reserves

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

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

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

	31/03/2017 £000	31/03/2018 £000	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000
Capital Earmarked Reserves						
Usable Capital Receipts	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0
Unapplied Capital Grant	794	794	794	794	794	794
CLL Reserve	522	522	522	522	522	522
Asset Investment Reserve	48	48	48	48	48	48
Lanes Capital Reserve	30	45	60	75	90	105
Total Capital Reserves	1,394	1,409	1,424	1,439	1,454	1,469

Table 10: Capital Earmarked Reserves

5.4 **Provisions**

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

5.5 **Charitable and Other Bequests**

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

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

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

- Compliance with the use of reserves and associated protocols,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the Council's

budget requirement,

- Any reserves which are no longer required,
- Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Council's Medium-Term Financial Plan.

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

5.7 **Planned Use of Reserves**

5.7.1 When the budget was set in February 2017, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2016/17 now confirmed, the under spend from 2016/17 has left General Fund Reserve and Projects Reserve in a healthier position (as shown in Table 9) over the medium term.

5.7.2 The reserves position is also subject to the savings required (as in Tables 4 and 5) being met as scheduled. Any slippage on savings or any savings made in advance will impact on the contributions to and from reserves.

6.0 Income

6.1 Fees & Charges

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

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

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

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

	2015/16 Actual £000	2016/17 Actual £000	2017/18 Budget £000
Parking	(1,229)	(1,184)	(1,177)
Bereavement Services	(1,336)	(1,334)	(1,397)
Development Control	(859)	(642)	(662)
Land Charges	(150)	(140)	(144)
Total	(3,574)	(3,300)	(3,380)

Table 11: Main areas of Income

6.2 Property Rentals

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

6.2.2 The forecast yield from property rentals over the period 2017/18 to 2021/22 and included in the MTFP is shown in the following table: -

	2016/17 Actual £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000
The Lanes	(810)	(1,223)	(1,223)	(1,223)	(1,223)	(1,223)
The Market	(110)	(110)	(110)	(110)	(110)	(110)
Industrial Estates	(2,599)	(2,525)	(2,525)	(2,525)	(2,525)	(2,525)
Misc Properties	(468)	(496)	(496)	(496)	(496)	(496)
Total	(3,987)	(4,354)	(4,354)	(4,354)	(4,354)	(4,354)

Table 12: Property Income

N.B Lanes income for 2016/17 was reduced due to reconciling amounts being owed for previous years

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

6.3 **Grants & Contributions**

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

6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council receives an allocation of funding under the scheme each year and each allocation will now last for four years following the Local Government Finance Settlement for 2017/18 (phased reduction from six years). As part of the Local Government Finance Settlement for 2017/18 indicative figures were provided. The MTFP does not assume any new allocations of New Homes Bonus beyond 2019/20; however it does include the continuation for 4 years of those allocations received in each year.

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

Allocation Year	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
2013/14	(388)					
2014/15	(269)					
2015/16	(392)	(392)				
2016/17	(480)	(480)	(480)			
2017/18	(476)	(476)	(476)	(476)		
2018/19		(186)	(186)	(186)	(186)	
2019/20			(329)	(329)	(329)	(329)
2020/21				?	?	?
2021/22					?	?
2022/23						?
Total	(2,005)	(1,534)	(1,471)	(991)	(515)	(329)

Table 13: New Homes Bonus

6.3.2 Housing Benefit Admin Grant

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

7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. RSG and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2018/19 as pressures or savings.

7.2 Pay

- Annual increase in MTFP **1%**
- Salary Turnover Savings **£293,800**
- Pension Contribution Rate (Current Service) **15.6%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	13,170	132	263	395
Pension Contribution (£000)	1,686	17	34	51
		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:
 - Removal of the public sector pay cap could lead to higher pay awards than those currently included in the MTFP
 - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy

7.3 **General Inflation**

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

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Expenditure (£000)	5,894	59	118	177
Income (£000)	(4,549)	(45)	(91)	(136)
		Risk		
		High	Medium	Low
Expenditure Inflation				
Likelihood of Change				
Impact of Change				
Income Inflation				
Likelihood of Change				
Impact of Change				

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

7.4 **Investment Income**

- Investment Returns –

	2018/19	2019/20	2020/21	2021/22	2022/23
Investments	0.55%	0.93%	1.55%	2.05%	2.55%
Property Fund	4.75%	4.75%	4.75%	4.75%	4.75%

- **The investment returns used when the budget was set in February 2017 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)	16,420	164	328	493
Property Fund Income (£000)	3,230	32	65	97
		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 could change due to rate and average balance fluctuations

7.5 **Borrowing**

- Assumed Borrowing - 2018/19 **£5m** (Leisure Facilities)
- Assumed Borrowing Rate - 2018/19 **3.00%**

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

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

	2018/19	2019/20	2020/21	2021/22	2022/23
CFR	17,140	16,873	13,684	16,903	15,650
MRP	156	288	280	266	507

	Base Level	Sensitivity		
		£000	+/-1%	+2%
Borrowing Rate (£000)	5,000	50	100	150
MRP	156	2	3	5
		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 borrowing assumed in MTFP other than for Leisure facilities
 - Any future Capital Programme decisions will likely require a borrowing requirement, either internal or external which will have an impact on the revenue budget
 - Re-profiling of anticipated capital receipts will impact on CFR, and subsequently MRP charge

8.0 Appendices

Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2018/19

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	118	2	50%	4	59	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	226	3	75%	9	170	5% Charges Income forecasts for 2017/18
Underachievement of Investment Income	2	85	1	25%	2	21	0.5% of exposure of average balance of £17m
Insurance Excesses	1	35	3	75%	3	26	Based on 5% of insurance premia payments
Fall in Rental Income from Property	3	225	1	25%	3	56	5% of Rental Income (assumed at £4.5m for 2017/18)
Transformation not met	4	795	2	50%	8	398	2017/18 Transformation savings still to be agreed
Loss of Income from Retained Business Rates	4	933	1	25%	4	233	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS		3,618				2,064	
Maximum Risk Based Reserve Balances							
						3,618	
Minimum Risk Based Reserve Balances							
						905	
Current Level of Reserves (Projected as at 31/03/18) (General Fund)							
						3,026	

Appendix B – Reserves & Provisions
Reserves

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Chief Finance Officer but approval of their use must be given by Council.	
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.	This reserve is still required but can be reviewed once the new Leisure Contract is finalised
Lanes Capital Reserve	30	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required
Asset Investment Reserve	48	To provide resources to purchase properties and fund associated revenue costs and to provide resources for investment in the Council's industrial estates to ensure rent yields are maintained/increased.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
<p><i>Revenue Reserves</i></p> <p>General Fund Reserve</p>	<p>2,000</p>	<p>To be a general working capital / contingency to cushion the Council against unexpected events and emergencies</p>	<p>Management of the reserve rests with the Chief Finance Officer. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> - 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 <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis</p>	<p>This reserve is still required</p>
<p>Projects Reserve</p>	<p>1,089</p>	<p>The balance at 31st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme</p>	<p>Management of the reserve rests with the Chief Finance Officer. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>	<p>This reserve is still required</p>

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
Carry Forward Reserve	1,105	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets, but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Chief Finance Officer. Approval to release funds from the reserve can only be given by the Chief Finance Officer and/or The Chief Executive.	This reserve is reviewed as part of the outturn position to determine if all balances held therein are still required
Building Control Reserve	187	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Transformation Reserve	150	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.	This reserve is still required
EEAC Reserve	0	To hold the residual funds of the service pending future decisions with regard to the service	Management of the reserve rests with the Corporate Director of Economic Development. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been fully utilised and can be closed

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
Cremator Reserve	756	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve could be released to General Fund
Car Park Enhancement Reserve	107	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Chief Finance Officer.	This reserve is still required
City Centre Reserve	42	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Chief Finance Officer.	This reserve is still required
Repairs & Renewals Reserve	214	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required and is committed to fund the ICT Strategy
Leisure Reserve	80	To meet needs for procurement work in relation to Leisure Services.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Deputy Chief Executive, Portfolio Holder and Chief Finance Officer	This reserve is still required and will be fully utilised in 2017/18
Flood Reserve	500	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required and will be utilised to support uninsured costs from the flood claim and also reinstatement of assets

Reserve	Balance 31/3/17	Purpose	Conditions of Use	Future of the Reserve
		contribute to these costs.		
Prosecutions Reserve	21	To establish a reserve for future anticipated Barrister & legal fees in 2017/18 funded from surplus in Food Safety budget	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Chief Finance Officer.	This reserve is still required
Promoting Carlisle Reserve	30	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Chief Finance Officer.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from DCLG and DWP which have not yet been utilised, to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Chief Finance Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Revenues Grants Reserve	865	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Chief Finance Officer in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
BRR Volatility Reserve	110	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Chief Finance Officer with the use of the Reserve requiring an Officer Decision notice by the Chief Finance Officer.	This reserve is still required

Provisions

Provision	Balance 31/3/17	Purpose	Future of the Provision
Business Rate Appeals	719	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	431	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2017 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Carlisle Renaissance Ringfenced Account	204	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore the provision is still required.
Land Charges Provision	133	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licensing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required

Provision	Balance 31/3/17	Purpose	Future of the Provision
Property Deposits	12	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	6	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2018/19 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 2017/18 £
Expenditure	
Employee Related	13,673,800
Premises Related	3,749,900
Transport Related	1,332,000
Supplies & Services	4,247,600
Third Party Payments	2,973,400
Transfer Payments	29,212,400
Support Services	11,191,200
Capital Financing Costs	2,330,600
Carry forward approvals	490,000
Recharges	(13,045,800)
Total Expenditure	56,155,100
Income	
Government Grants	(2,277,600)
Specific Grants	(29,785,200)
Other Grant/Reimbursements/Contributions	(1,638,400)
Interest	(262,900)
Customer and Client Receipts	(10,663,000)
Total Income	(44,627,100)
Net Budget Requirement	11,528,000
Funded By:	
Council Tax	(6,627,800)
Council Tax Surplus	(136,700)
Revenue Support Grant	(885,700)
Retained Business Rates	(3,114,600)
Business Rates Growth/Pooling	(700,000)
Reserves	(63,200)
Total Funding	(11,528,000)

Report to Council

**Agenda
Item:

19(iii)**

Meeting Date: 12 September 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref:KD07/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: CAPITAL STRATEGY 2018/19 to 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD15/17 (amended)

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 2018/19 to 2022/23. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

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

Recommendations:

The Council is asked to approve the Capital Strategy for the period 2018/19 to 2022/23

Tracking

Executive:	31 July 2017
Scrutiny:	3 August 2017
Executive	29 August 2017
Council:	12 September 2017

Report to Executive	Agenda Item:
----------------------------	-------------------------

Meeting Date: 29 August 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref:KD07/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: DRAFT CAPITAL STRATEGY 2018/19 to 2022/23
 Report of: CHIEF FINANCE OFFICER
 Report Number: RD15/17 (amended)

Purpose / Summary:

The Council’s draft Capital Strategy is intended to direct the Council’s Capital Programme and the allocation of resources for the five-year period 2018/19 to 2022/23. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

Following consideration by the Executive, final recommendations will be made to Council on 12 September 2017.

Recommendations:

The Executive is asked to:

- (i) Comment and consider the comments made by the Business & Transformation Overview and Scrutiny Panel on 3 August prior to making recommendations to Council on 12 September 2017

Tracking

Executive:	31 July 2017
Overview and Scrutiny:	3 August 2017
Executive	29 August 2017
Council:	12 September 2017

1. BACKGROUND

- 1.1 The Capital Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).
- 1.2 The Capital Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 7 February 2017. This position has been updated to reflect any known changes since that date.

2. KEY MESSAGES

- 2.1 The Capital Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
- Re-profiling of asset sales will have a significant impact on the revenue budget through the requirement to fund the capital programme with a borrowing requirement.
 - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
- Asset sales generating receipts over current estimate levels will reduce any borrowing requirement.
 - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement.
 - A review of the current programme may relieve some of the expenditure pressures.
- 2.3 Following consultation with the Business and Transformation Scrutiny Panel, the wording at section 5.5 of the Capital Strategy has been revised to give a clearer definition around surplus cash position and the relationship between the Capital Financing Requirement (CFR) and the actual borrowing level.

3. CONSULTATION

- 3.1 The draft Capital Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 3.2 The Business and Transformation Scrutiny Panel considered the report on 3 August and recommendations will be made to full Council on 12 September.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is asked to:
Comment and consider the comments made by the Business & Transformation Overview and Scrutiny Panel on 3 August prior to making recommendations to Council on 12 September 2017

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Steven Tickner Ext: 7280

Appendices attached to report: Appendix 1 – Capital Strategy 2018/19 to 2022/23

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:

Community Services –

Economic Development –

Governance & Regulatory Services – The Council has a fiduciary duty to manage its resources correctly. The Capital Strategy is an important part of the budgetary process

and seeks to ensure a planned and coordinated approach to the delivery of projects within the parameters of our financial resources.

Corporate Support & Resources – contained within the report

Capital Investment Strategy

Carlisle City Council

2018/19 to 2022/23

Contents

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- 3.0 Spending and Investment Priorities..... 6
- 4.0 Capital Programme Forecasts..... 7
- 5.0 Capital Financing Requirement 12
- 6.0 Evaluation and Monitoring of Capital Projects..... 15
- 7.0 Appendices..... 16

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.

2.0 Financial Principles supporting the Capital Strategy

2.1.1 The key principles to be applied to the Capital Strategy are set out below: -

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Consider the requirements for vehicle replacement and IT capital budgets 2022/23;
- Revisit the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;

- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - Fundamental review of current capital programme;
 - 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.

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme currently assumes a £5million redevelopment of Leisure Facilities funded from borrowing with the borrowing costs funded from reduction in Leisure subsidy; however the redevelopment costs could be between £7.4million and £14.2million. This will be subject to further reports to the Executive.*

2.2 Carlisle Plan and Other Council Strategies, Plans and Policies

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

2.2.2 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.

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

3.0 Spending and Investment Priorities

3.1 Capital Investment Priorities

- 3.1.1 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.
- 3.1.2 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.
- 3.1.3 The current capital programme includes provision for investment in new Leisure facilities funded from borrowing that will be paid for from a reduction in the subsidy payable on the Leisure operations contract. However, it is likely that the scheme costs will be higher than the amounts provided for in the MTFP, with costs between £7.4million and £14.2million anticipated. Further reports will be presented to the Executive in the autumn of 2017 and these will outline the full detailed costing of any proposed scheme. This will also include details of any external funding applications, and the best options for borrowing for the Council and the anticipated borrowing costs. The new Leisure operations contract will begin in November 2017 having been recently tendered and details of the new arrangements and potential revenue savings achievable will also be outlined in this timescale.
- 3.1.4 Other capital investment opportunities may present themselves over the lifetime of the MTFP with initiatives progressing for Kingstown FAMO, Garden City and Borderlands. Each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

4.0 Capital Programme Forecasts

The table below shows the current capital resources at the end of 2016/17 before any new decisions around capital investment are made.

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Resources Brought Forward	425	880	468	501	304	1,101
Net Resources receivable in year:	455	4,588	33	(197)	797	(734)
Borrowing Requirement	0	(5,000)	0	0	0	0
(Surplus Capital Resources) / Borrowing Requirement	880	468	501	304	1,101	367

Table 1: Current Capital resources

4.1 Current Expenditure Forecast

4.1.1 The Council approved the current forecast for the period 2017/18 to 2021/22 in February 2017 and details are shown below adjusted for the outturn from 2016/17 and also for decisions made in relation to capital investment between April and June 2017.

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Disabled Facilities Grants	2,595	1,467	1,467	1,467	1,467	1,467
Enhancements to Properties	215	150	150	150	150	150
Vehicle & Plant	1,857	721	861	629	1,531	0
ICT Shared Service	190	100	0	0	0	0
Castle Way Crossing	266	0	0	0	0	0
Tennis Facility Development	497	0	0	0	0	0
Cycle Track Development	717	0	0	0	0	0
Market Hall Roof	460	0	0	0	0	0
Minor Works Grants	53	0	0	0	0	0
Art Centre	47	0	0	0	0	0
Public Realm Improvements	243	0	0	0	0	0
Asset Review	204	0	0	0	0	0
Play Area Developments	11	0	0	0	0	0
Open Space Improvements	43	0	0	0	0	0
Play Areas - Green Gyms	25	25	0	0	0	0
Kingstown Industrial Estate Roads	10	0	0	0	0	0
Public Realm (S106)	65	0	0	0	0	0
Old Town Hall/Greenmarket	380	0	0	0	0	0
Buildings Flood Reinstatements	714	0	0	0	0	0
Revenues & Benefits ICT Upgrades	45	0	0	0	0	0
Sands Centre	0	5,000	0	0	0	0
Crindledyke Cycleway	269	0	0	0	0	0
Durranhill Industrial Estate	105	0	0	0	0	0
Total Programme	9,011	7,463	2,478	2,246	3,148	1,617

Table 2: Current Capital Programme

4.2 Current Resource Forecasts

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

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Capital Grants & Contributions	2,810	1,467	1,467	1,467	1,467	1,467
Capital Receipts (General & PRTB)	150	0	0	0	0	0
Capital Receipts (Asset Review)	3,194	500	0	0	0	0
Revenue Financing	1,774	908	978	976	884	884
S.106 Funding	628	0	0	0	0	0
Total Resources Receivable in Year	8,556	2,875	2,445	2,443	2,351	2,351
Borrowing Requirement	0	5,000	0	0	0	0

Table 3: Current Proposed Resources

There is a further £117,900 held within capital grants unapplied account that are not currently allocated to fund specific projects and are therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations.

4.2.3 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2017/18 the Council has budgeted to receive £1,613,900. However, for future years the allocation is assumed to be £1,467,300 which is based upon the historical amount received. There have been changes to the way the grant is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

4.2.4 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. However, the likelihood is that the redevelopment of the Sands will exceed

this £5million allocation with the scheme potentially costing between £7.4million and £14.2million. There is likely to be a bid for external funding from Sport England. A full business case on how the scheme can be funded, whether revenue contributions can be made and what the potential exposure to external/internal borrowing will be brought before members later in 2017/18 once the scheme is fully designed and planned.

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLB), or can be undertaken by utilising internal resources, i.e. investment balances. This is known as internal borrowing.

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

In order to reduce the exposure of the council to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

- Fundamental review of existing capital programme to ensure schemes are still required and are accurate;
- No new major one-off schemes unless fully funded from grants or external funding;
- Providing additional recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

4.2.6 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

4.2.6 Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets.

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £3.2million are included in the Capital programme to be achieved in 2017/18. A review of the profiling

of sales has been undertaken to ensure that receipts are allocated to the correct financial period.

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Original Schedule	(3,194)	(500)	0	0	0	0
Amendment	2,994	(2,254)	0	0	0	0
Revised Profile of Asset Review Sales	(200)	(2,754)	0	0	0	0

Table 4: Profiling of Asset Review Receipts

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Capital Expenditure	9,011	7,463	2,478	2,246	3,148	1,617
Capital Resources Receivable in Year	(8,556)	(2,875)	(2,445)	(2,443)	(2,351)	(2,351)
Re-Profiling of Asset Review Receipts	2,994	(2,254)	0	0	0	0
Total Net Resources Receivable	3,449	2,334	33	(197)	797	(734)
Capital Resources Brought Forward (Surplus)/Deficit	425	3,874	6,208	6,241	6,044	6,841
(Surplus Capital resources) / Borrowing Requirement	3,874	6,208	6,241	6,044	6,841	6,107

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. However the final costs and funding requirements will be subject to further reports during the budget process.

5.0 Capital Financing Requirement

- 5.1 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.
- 5.2 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.
- 5.3 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 on a straight line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.
- 5.4 The current forecast for the CFR and MRP based on the current capital programme is as follows; however it should be noted that the revised capital receipts profiling outlined at 4.2.6 will have an impact on the CFR and MRP:

	Budget	Forecasts				
	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Capital Expenditure	9,011	7,463	2,478	2,246	3,148	1,617
Capital Resources Receivable in Year	(8,556)	(2,875)	(2,445)	(2,443)	(2,351)	(2,351)
MRP & Repayment of Debt	(158)	(167)	(300)	(292)	(278)	(519)
Change in Underlying need to borrow	297	4,421	(267)	(489)	519	(1,253)
CFR Brought Forward	12,422	12,719	17,140	16,873	16,384	16,903
CFR Carried Forward	12,719	17,140	16,873	16,384	16,903	15,650

Table 6: Capital Financing Requirement

5.5 Investment and Reserve Balances

5.5.1 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.

5.5.2 At 31 March 2017, the Council had investments of £16.420million. 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 2018, investment balances would fall to around £15.4m. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Total Investments	16,420	15,432	16,424	16,780	17,742	17,254	18,522
<i>Made up of:</i>							
General Fund Reserves	4,194	4,131	4,529	4,603	5,061	5,077	5,077
Capital Reserves	600	615	630	645	660	675	690
Earmarked Revenue Reserves	3,606	3,606	3,606	3,606	3,606	3,606	3,606
Provisions	1,644	1,644	1,644	1,644	1,644	1,644	1,644
Collection Fund Adj Account	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Capital Grants Unapplied	794	794	794	794	794	794	794
Working Capital (incl Collection Fund)	2,996	2,353	2,353	2,353	2,353	2,353	2,353
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	13,829	13,138	13,551	13,640	14,113	14,144	14,159
Surplus Cash/(Cash Deficit)	2,591	2,294	2,873	3,140	3,629	3,110	4,363

Table 7: Investments and Reserves

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

5.5.3 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 2022/23.

5.5.4 This can also be shown when comparing the difference in the CFR (underlying need to borrow) and the actual borrowing level.

	Outturn	Forecasts					
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
CFR (Underlying Need to borrow)	12,422	12,719	17,140	16,873	16,384	16,903	15,650
Total Borrowing	15,013	15,013	20,013	20,013	20,013	20,013	20,013
(Over)/Under Borrowing Position	(2,591)	(2,294)	(2,873)	(3,140)	(3,629)	(3,110)	(4,363)
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(2,591)	(2,294)	(2,873)	(3,140)	(3,629)	(3,110)	(4,363)

Table 8: Borrowing position

5.5.5 Therefore, the Council is holding £2.591million of cash in its investment balances that can be attributed to the amount of debt it holds. Where actual debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

5.5.6 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.

6.0 Evaluation and Monitoring of Capital Projects

6.1 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.

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

7.0 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.	Remote	Marginal	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. 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:
19(iv)

Meeting Date: 12th September 2017
 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 2017 TO 2022**
 Report of: **Corporate Director of Governance & Regulatory Services**
 Report Number: **GD.58/17**

Purpose / Summary:

The attached report (GD.42/17) and draft Asset Management Plan was considered by Executive on 31st July 2017 before being referred to Business and Transformation Overview & Scrutiny Panel on 3rd August 2017 and back to Executive on 29th August 2016.

Recommendations:

Council agree to adopt the Asset Management Plan for 2017-2022

Tracking

Executive:	31st July 2017
Overview and Scrutiny:	3rd August 2017
Executive:	29th August 2017
Council:	12th September 2017

Report to Executive

Agenda
Item:

Meeting Date: 31st July 2017
 Portfolio: Finance, Governance and Resources
 Key Decision: YES: Recorded in the Notice Ref: KD. 08/17
 Within Policy and Budget Framework YES
 Public / Private Public

Title: **DRAFT ASSET MANAGEMENT PLAN 2017 TO 2022**
 Report of: **The Corporate Director of Governance and Regulatory Services**
 Report Number: **GD.42/17**

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 Business and Transformation Overview & Scrutiny Panel, back to the Executive and then full Council.

Tracking

Executive:	31st July 2017
Overview and Scrutiny:	3rd August 2017
Executive:	29th August 2017
Council:	12th September 2017

1. BACKGROUND

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. The Disposal Programme is into its seventh year and the Management Plan reports and updates on the position and the delivery performance.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS.

2. PROPOSALS

- 2.1. The AMP provides a succinct document that reflects;
 - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
 - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,
 - Performance of the assets and how these are constantly reviewed and challenged,

- Condition of the Portfolio – the standard of our properties, current maintenance backlog, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates,
- How our Economic Development property portfolio is being managed to support economic growth, and
- An overview of the overall impact of the 2015 floods on the portfolio.

3. CONSULTATION

- 3.1. Internally via the Council's corporate structures and processes. The Draft Plan will go to Business and Transformation Overview & Scrutiny Panel on 3rd 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: Mark Walshe

Ext: 7427

Appendices attached to report: Draft Asset Management Plan 2017 - 2022

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 2018/19 to 2022/23



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2017 – 2022

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1. The Council

1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2017/18 has a net revenue budget of £12.047 million and capital expenditure budget of £9.011 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

1.2 The Council's asset base produces a rental income of around £4.5 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £94.37 million.

2. Purpose, Aims and Objectives

2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Carlisle Plan, Directorate and Service Plans, the Medium Term Financial Plan and Capital Strategy.

2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below;

1. Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
2. Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
3. Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
4. Generate capital for investment purposes aligned to corporate objectives.
5. Ensure a healthy and safe environment for property users.
6. Apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
8. Contribute to the Council's Medium Term Financial Plan and Capital Strategy, identifying investment opportunities.
9. Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

3. Property Strategies and Principles

3.1 The Council has developed the following strategies and principles;

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.
- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

DRAFT ASSET MANAGEMENT PLAN 2017-2022

- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

4. Value for money

4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.

4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

5. The Portfolio and Current Performance

5.1 Gross Asset Value as at 31 March 2017

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	69	52	14	207
Total income	£6,600	£3,764,900*	£4,293,854**	£43,400	£8,108,754
Capital value	£3,970,343	£30,097,349	£92,783,877	£1,577,500	£128,429,069
Capital Expenditure	£19,595	£1,350,434	£2,193,021	£508,824	£4,071,874
Outstanding Maintenance		£2,701,100	£2,000,000	-	£4,980,100

* Income from operational assets (ie car parks, crematorium, Civic Centre and Enterprise Centre rents)

** Rental income from investment assets

The total capital spend in 2016/17 was £4.072 million.

The figure for the outstanding maintenance on the operational buildings is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure is down circa £200,000 on 2015/16. This is due to works being undertaken outside of the budget as part of the flood reinstatement works and also as a result of the ongoing disposals programme. However we anticipate that the major reduction in the capital schemes special project fund, reduced by 50% to £150,000, will have a long term negative impact on the outstanding maintenance backlog.

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The figure for the non-operational outstanding maintenance relates to historical infrastructure costs associated with our industrial estate ground rent portfolio and has not been reviewed for a number of years. It is likely that this figure has come down due to the disposal programme and the capital expenditure which has gone into infrastructure improvements on the Kingstown, Durranhill and Willowholme Industrial Estates over the last few years but, as there is no recent survey data available, this cannot be substantiated with evidence.

5.2 Outstanding Maintenance

	17/18	18/19	19/20	20/21	21/22
Total Revenue Budget	£736,400	£751,000	£765,900	£765,900	£765,900
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 condition surveys, an annual planned maintenance programme has been established for operational assets. There is outstanding maintenance; currently £2,701,100 for the portfolio of operational buildings, the delivery programme to reduce this incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3 year programme of planned and reactive maintenance on 21 November 2016 (report reference GD.64/16).

In condition category terms the split is:-

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

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Condition has remained stable over the past few years. However the impact of the flooding in December 2015 and reinstatement works on some of the operational portfolio may well have an impact on condition overall and this will be reviewed following completion of the reinstatement programme.

5.3 Energy Efficiency

A programme of energy efficiency and renewable energy projects has been carried out with significant investment in recent years. In the last year the focus has been incorporating energy efficiency measures as part of the flood reinstatement works and we will continue to do this where possible.

The solar photovoltaic arrays at the Civic Centre and Sands Centre continue to be successful in terms of electricity generation and income received from the feed in tariff.

5.4 Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties and the programme is required to meet those duties. Report GD.64/16 was presented to the Executive on the 21st November 2016 with proposals for capital investment for planned major repairs.

The capital schemes special project fund for the programme 2017/18 has been allocated as follows:-

PROPERTY	PROJECT	COST
Carlisle Cemetery	Re-paint boundary railings	£ 5,000
Carlisle Crematorium	Lightning protection upgrade	£ 8,000
Carlisle Crematorium	Replace timber windows in exit corridor	£11,500
Carlisle Crematorium	Dalston Road Wall rebuilding	£10,000
Carlisle Crematorium	Repairs to access roads	£30,000
The Sands	Secondary Hall roof over coating	£10,000
West walls	Stone repointing & repairs	£20,000
Castle Banks	Stone wall repairs	£10,000
Tullie House	Plant replacement	£20,000
Irish Gate Bridge	Mechanical overhaul, south side	£10,000
Bousteads Grassing	Renew boiler in joiners shop	£15,500
	TOTAL	£150,000

6. Continuous Review and Challenge

The Council continuously reviews and challenges how to best use its asset portfolio;

1. The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.
3. The Council has a highly rationalised operational portfolio, with manageable outstanding maintenance, but with scope for further consolidation. The accommodation review and Asset Review Business Plan is ongoing and will continue to produce efficiency benefits.
4. The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This potential will be further explored and actions taken to realise efficiencies with the resources currently available.
5. The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
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. The accommodation review will address these needs.

6.1 Accommodation Review

An Accommodation Review of both back office and front public facing service delivery assets is 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 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 has been on going over several years, and undertaken in phases. It covers all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots.

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To date the review has; centralised back office delivery with the closure and demolition of part of Boustead's Grassing; transferred staff to the Civic Centre; and, let space to partners thus improving space utilisation. The Council's Willowholme Depot has been sold and a new Women's and Family centre developed 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 as the continued reduction in staff has led to a further contraction in the occupancy rate and increased costs per full time employee. The loss of partners following the 2015 floods has also exacerbated the position.

To reinstate the flood affected ground floor area of the Civic Centre to make the most effective and efficient use of the flood affected space whilst building in resilience measures to mitigate the impact of potential future flooding.

To find new occupiers to share the surplus accommodation, reduce overall occupation costs and support the Council's ambitions to improve public access to a wide range of customer services through the Customer Contact Centre.

6.2 Asset Review Business Plan

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

Implementation of the Business Plan has taken place over the past 5 years with management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management put into place. These changes took place within the context of the Transformation Programme and are constantly evolving as priorities and needs change.

6.3 Disposal Programme

To date 38 assets have been sold realising total gross receipts of circa £10.15 million. Overall the returns show an increase of approximately 14% above the business plan estimates for those assets.

The programme plan was refreshed and re-profiled (Report GD.72/15 refers), and looked at the future release and disposal of assets with potential to supply land for future housing development, into the private and social housing sectors. Work continues to progress on a number of sites in order to achieve the best return for the

Council. The programme refresh also placed on hold assets previously allocated as surplus that produced a reasonable financial return for the Council. Additional funding has been allocated to the programme plan to allow the Council to help fund the delivery of the re-profiled programme.

6.4 Reinvestment Options

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

Working with our partners in The Lanes we facilitated the arrival of Primark maintaining the centre's attractiveness as a regional shopping centre and also increasing footfall across the City Centre.

Opportunity purchases into the Economic Development and Operational portfolios have been completed to consolidate the Council's existing property ownership and land holdings in Rickergate with the acquisition of properties in the Warwick Street and Victoria Viaduct areas, together with a large redevelopment site at Caldew Viaduct which has been cleared in preparation for redevelopment.

6.5 Future Asset Management Options – Kingstown and Parkhouse

During the last year the Council has completed its feasibility study into alternative approaches for the asset and estate management of its investment land holdings at the Kingstown and Parkhouse estates and, in the light of these studies, appointed Chancerygate to manage the estates for an initial 5 year period. The estates jointly produce an income of £2 million, and are worth circa £26 million; arguably they are the Council's most important investment assets. The estates have considerable embedded value but require proactive asset management to maintain their status and pre-eminent position in a competitive market, sustain and increase rental income, realise development opportunities and fulfil (when possible) tenant/occupier demands and aspirations. Chancerygate's remit is to deliver a 5 Year Business Plan and to develop opportunities so as to increase income. This new proactive property management model will assist with the review and reorganisation of the way the Council delivers property services, helping with future budget savings and increases in efficiency.

6.6 Economic Development Portfolio

The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

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Major infrastructure improvements at Durranshill Industrial Estate are complete following grant support being obtained from Cumbria LEP (£2,000,000) and the Homes and Communities Agency (£250,000). All development plots within the former Border TV site have been sold and all of the former vacant units on the estate, many of which had been vacant for over 10 years are all now occupied.

The City Council continues to work with Cumbria County Council to explore opportunities around the Citadel area. The County Council's land holding is now surplus to its requirements following their relocation to new headquarters at Botchergate. The City Council also has a significant land holding in the area. Unfortunately a bid for Growth Deal Funding to support a redevelopment was only partially successful, however, the combined site does offer the opportunity to bring forward a major City Centre redevelopment scheme.

The City Council has been successful in being selected to progress the development of St Cuthbert's Garden Village which will potentially see the delivery of up to 10,000 new homes, including employment land and supporting infrastructure, delivered to the south of the City, with direct Government support. Whilst planning is underway now, the development will be a long term project delivering the intended outcomes over several decades. The development has the potential to benefit the City as a whole, not least in terms of the prominence that the inclusion of the site within the Government's programme is already attracting. Beyond this a planned new southern link road has the potential to improve the attractiveness of existing localities such as Morton, whilst also alleviating congestion on the southern approaches to the City Centre. Delivery models are under exploration including the potential role of the City Council and other public sector partners in acquiring and subsequently disposing of land.

The Enterprise Centre has now moved from being managed as an Economic Development Asset to now become part of the investment portfolio.

6.7 Flood Affected Assets

A number of the Council's operational, leisure and investment assets were affected by Storm Desmond in December of 2015 when extensive flooding taking place. This is the second time in a 10 year period that Council assets have been seriously affected by flooding.

A programme of flood recovery work is currently underway with the Council taking stock of each of the flood affected assets. This has meant considering the future of each affected asset, its location, level of remediation, future use, and potential flood resilience work required during the reinstatement of the asset. We have also taken the opportunity to undertake maintenance and improvement work where appropriate.

The programme is ongoing however the following assets are now complete:

Old Fire Station Arts Centre

Sands Centre

Shaddongate Resource Centre

Warwick Street Properties

7. Conclusion

The Council has a highly rationalised and suitable service occupied portfolio with a manageable outstanding maintenance which it will seek to improve through the Accommodation Review. Members are aware and have approved a plan to address outstanding maintenance.

The Council has a considerable commercial portfolio, which is generating substantial rental income.

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

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

The Council's asset base is continually being challenged and reviewed with additional efficiency measures implemented where appropriate.

The Council is looking at ways in which it can improve and re-model the way in which it delivers its property management services producing further cost and efficiency savings.