

## **2022/23 BUDGET PROCESS**

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

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

Executive	22 November 2021
Health and Wellbeing Scrutiny Panel	25 November 2021
Economic Growth Scrutiny Panel	2 December 2021
Business and Transformation Scrutiny Panel	7 December 2021
Executive (Special)	13 December 2021
Executive	20 December 2021
Business and Transformation Scrutiny Panel	6 January 2022
Executive	19 January 2022
Council (Special)	1 February 2022



# 2022/23 BUDGET REPORTS

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# Carlisle City Council

## Report to Executive

Meeting Date: 22 November 2021  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.10/21  
Policy and Budget Framework: Yes  
Public / Private: Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2022/23 TO 2026/27  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD.46/21

### Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2021/22, together with base estimates for 2022/23 and forecasts up to 2026/27 for illustrative purposes. Potential new spending pressures, bids 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 2021/22 and base estimates for 2022/23;
- (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, bids and savings which need to be taken into account as part of the 2022/23 budget process;
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix F.

### Tracking

Executive:	22 November 2021, 20 December 2021
Scrutiny:	BTSP 07/12/21; HWSP 25/11/21; EGSP 02/12/21
Council:	1 February 2022 (Budget Resolution)

## 1. Background

- 1.1. This report considers the revised base estimates for 2021/22 together with the estimates for 2022/23. 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 14 September 2021:
  - ◆ Medium Term Financial Plan and Charging Policy
  - ◆ Capital Strategy
  - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular, the following are key to the budget process and details on these will be considered as the budget process progresses:
  - Ongoing impact of COVID-19;
  - Local Government Finance Settlement – announcement due by December 2021;
  - Further expected changes in government grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
  - Future borrowing requirements;
  - Commercial and investment opportunities;
  - Local Government Reorganisation.
- 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 potential use of reserves, to enable a balanced budget position to be recommended to Council in February 2022.
- 1.6. Members are reminded that the Council was notified on 21 July of the outcome of the consultation into proposed Local Government Reorganisation (LGR) in Cumbria, with, subject to Parliamentary approval, two new unitary authorities replacing the current local government structure in Cumbria. Carlisle will join with Copeland and Allerdale areas to form a new unitary authority covering the west of the County, effective from 1<sup>st</sup> April 2023. However, the Council still needs to approve a revenue budget, council tax requirement and a capital investment programme for 2022/23.

Therefore, the financial budgets and allocations beyond this date are for illustrative purposes only and will fall under the responsibility of the new proposed authority.

Any new Local Authority established will prepare its own Medium-Term Financial Plan for 2023/24 and beyond.

## 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 2021/22 and 2022/23 with projections to 2026/27. The 2021/22 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	2021/22 Original £000	2021/22 Revised £000	2022/23 Original £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000
Net Base Budget Parish Precepts (PP)	13,381 708	15,563 708	12,864 726	12,959 744	13,127 763	13,434 782	13,679 802
<b>Total</b>	<b>14,089</b>	<b>16,271</b>	<b>13,590</b>	<b>13,703</b>	<b>13,890</b>	<b>14,216</b>	<b>14,481</b>
Original MTFP Projections	14,089	15,901	13,590	13,703	13,890	14,216	14,481
<b>Variance</b>	<b>0</b>	<b>370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of Variance:</b>							
Non-Recurring:							
Cremator Replacement Reserve		(41)					
Revenue Grants Reserve		380					
Planning Services Reserve		(19)					
Economic Recovery Reserve		50					
<b>Total Variance</b>	<b>0</b>	<b>370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that there continues to be some income streams that have not fully recovered from the effects of the pandemic and there may be other cost pressures or savings which may have a recurring impact; many of these are in relation to the recovery from the COVID-19 pandemic and the impact it is continuing to have on Council services.

- 2.4. **Appendix B** details the movements between the Original Budget for 2021/22 and the Original Budget for 2022/23 incorporating all decisions made by the Council to date.

### 3. Updated MTFP projections

- 3.1 The budget projections and specifically the use of General Fund Reserves, as currently forecast in the MTFP, are summarised in Table 2 below:

Table 2 – Current Budget projections – use of General Fund Reserves

	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Transfers Between Reserves £000	Total £000
2021/22	(564)	188	1,721	0	1,345
2022/23	243	228	0	0	471
2023/24	(35)	273	0	0	238
2024/25	(209)	190	0	0	(19)
2025/26	(52)	0	0	0	(52)
2026/27	(153)	0	0	0	(153)

- 3.2 The main changes to the budget are detailed at paragraph 2. The revised estimates for 2021/22 will be recommended to Council as part of the budget process.

### 4. Outstanding key issues

#### Spending Review

The Spending Review (and Budget) for 2022/23 was announced on 27 October. There was confirmation that there would be additional funding available to the Local Government sector of £4.8billion over the forthcoming 3-year period (£1.6billion per year) for social care and other services. Allocations for this funding will likely be included in the Local Government Finance Settlement.

There will also be additional funding of £639million to tackle rough sleeping allocated through the Homelessness Prevention Grant.

There will be £300million funding for local government to implement free, separate food waste collections in every local authority in England from 2025.

#### Government Settlement Funding Assessment

The Council receives core funding allocations from the Government in relation to Business Rates Baseline Funding and other specific grants. 2021/22 once again saw a one-year settlement so the figures incorporated into this report for 2022/23 onwards are only estimations of the government funding that the Council may



receive. Due to the COVID-19 pandemic, reform to the local government funding model (Fair Funding Review & Business Rates Retention) has yet again been put on hold. The draft Local Government Finance Settlement will be announced, as usual, in December and will provide an indication of the funding the Council will receive for 2022/23; it is uncertain whether a 3-year settlement will be provided. The government has indicated a target date of 5 December for the announcement of the settlement.

### **Retained Business Rates**

The Business Rate Baseline figure is assumed at an inflationary increase for 2022/23 with reduced projections for growth and pooling built into the MTFP from 2022/23 on the basis that the Business Rates Reforms would have been announced. However, as mentioned above, the reforms of the Retained Business Rates Retention Scheme have again been deferred and DLUHC announced on 10 November that the government has now abandoned plans to allow councils to retain 75% of their business rates as it would conflict with their agenda for 'levelling up'. Instead, the government will now look at the mechanism for redistributing funding to the authorities most in need.

The Council is able to continue to be a member of the Cumbria Business Rates Pool for 2022/23, subject to the agreement of all participating members. The financial aspects of continuing with the Pooling arrangements for 2022/23 are set out further in this report.

The Spending review announced that there will be a freezing of the Business Rates Multiplier for 2022/23 so that there will be no inflationary increase in the amount of rates that are payable by businesses. This multiplier increase is also applied to the Business Rate Baseline level the Council budgets for. It is anticipated that this 'loss' in baseline will be compensated for via a 'Multiplier Grant' as part of the Local Government Finance Settlement.

There will also be a 50% Business rate relief in 2022/23 for retail, hospitality and leisure sector up to a cap of £110,000. The Council will be compensated for this loss of income through a fully funded S31 grant.

The Council will also receive new burdens funding for administrative and IT costs relating to the implementation of the changes announced in the Spending Review.

### **Council Tax**

The Spending Review indicated that the referendum limit will remain as is for Council Tax increases. Currently, district councils are usually given the option of raising Council Tax by the greater of 2% or £5; however, this will be confirmed in December.

Further details on Local taxation are considered elsewhere on this agenda in report RD48/21.

### **Pay Award 2021/22 & 2022/23**

The MTFP currently assumes a 2% pay award increase from 2021/22 onwards; however, for 2021/22 there has yet to be an agreement on the level of the pay award. For 2022/23, the Spending Review announced that the freeze on Public Sector pay increases was to be lifted from April 2022. An increase of 1% equates to an additional £161,000 per annum.

The Spending Review confirmed that the National Living Wage was to increase from £8.91 to £9.50 per hour. The Council adopted the foundation living wage and have been paying its grade A staff £9.50 since January 2021. The foundation living wage increase is usually announced in November/December each year.

### **Resource Assumptions**

Contributions from balances include all approvals to date but make no assumptions on further contributions from balances to support the budget from 2022/23 onwards. The current resources projections assume:

- A £5 (Band D equivalent) Council Tax increase for 2022/23 onwards.
- A Council Tax deficit for 2022/23 and 2023/24 of £41,000, with a £50,000 surplus from 2024/25. The actual figure for 2022/23 will be available in January.
- Retained business rates are assumed at the Baseline level with an inflationary increase, with an additional sum to be achieved through growth/section 31 grants and from the benefits of Pooling in 2022/23;
- An assumed tax base of 35,013.07 for 2022/23. The final tax base for 2022/23 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2022/23 is for a total of £726,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in January.

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/bids**

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

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

**5.2 District Centre Business Support Fund – Additional Expenditure - £40,000 - Non-Recurring**

This proposal involves the continuation of the pilot project for a further year and will be extended to the district centres and will address the issue of empty shops, which is becoming an increasing problem in the market towns and neighbourhood parades.

**5.3 Leisure Contract Variation – Additional Expenditure - £?**

This relates to additional subsidy to the Leisure provider as result of delays to the Sands project.

**5.4 ICT – Additional Expenditure - £150,000 – Recurring**

This proposal seeks additional revenue funding to invest in ICT and includes additional resources for the IT Helpdesk (£28,600), licence costs for wi-fi improvements (£5,600), network security (£2,700) and telephony (£24,000). A base budget review has also been undertaken that has identified a net budgetary shortfall for current IT costs (£49,300) and a savings requirement of £40,100 that cannot be achieved.

**5.5 Gas and Electricity Costs – £180,000 – Recurring pressure reducing to £123,000 recurring pressure from 2023/24**

This additional cost arising due to the current global situation with wholesale energy costs. The Council procures its energy through the County Council framework and has received notification of a potential 55% increase in gas costs for 2022/23 and 38% in electricity costs, with both reducing to a 25% increase (on 21/22 levels) from April 2023.

**5.6 Income Shortfalls and budget monitoring variances**

The following areas have been identified through the 2021/22 budget monitoring process:

**Car Parking income shortfalls - £300,000 - recurring pressure, reducing to £150,000 recurring pressure**

Car parking income is not achieving its budgeted expected levels as a result of lower usage of the car parks.

**Homeless Accommodation - £102,000 non-recurring pressure**

There is a shortfall in income from homeless accommodation mainly due to reduced capacity and restrictions placed upon the accommodation as a result of COVID-19.

**Pest Control - £12,000 recurring pressure, rising to £18,000 recurring pressure**

This pressure is as a result of removing the domestic charge for the treatment of rats from the Council's charging policy. Report GD55/21 elsewhere on this agenda details the charges for pest control.

**Developer Contributions - £19,000 non-recurring pressure**

The MTFP assumes an income stream from developers, particularly from the establishment of the Garden Village. A re-profiling exercise has been undertaken to ensure the MTFP reflects the level of income that can actually be achieved.

**Direct Revenue Financing of capital programme - £26,000 recurring pressure**

The waste service contributes revenue financing for the replacement of vehicles, however, there is a shortfall on the available budget that cannot be achieved.

**Lanes Income - £500,000 recurring pressure reducing to £50,000 recurring pressure**

The economic impact on the high street, both pre-COVID and post COVID and the vacation of Debenhams has resulted in income from the Lanes being severely diminished. There will be a period where increased holding costs of vacant units will be incurred and therefore the Council's share of income will be reduced. This pressure anticipates a slow return to the income levels currently included in the MTFP.

**Gateway 44 - £523,000 recurring pressure, reducing to £262,000 recurring pressure**

Covid-19 has had a major impact on the retail sector and although out of town big box retail has fared better than traditional town centre retailing there has still been a hit on rental levels and potential tenants have suffered financial difficulties.

Agreements have been reached with tenants however rental levels are lower than originally anticipated and the extended marketing period has resulted in a longer void period than originally anticipated. The overall income now anticipated to be achieved by 2025/26 taking into account these pressures will still be £615,000, which represents an 11.2% return on the capital investment made.

**6 Savings and additional income proposals**

- 6.1 Further savings/additional income have been identified in the budget process for 2022/23 as follows:

## **6.2 Replacement of Flare Data Management System – Saving - £16,000 recurring**

The capital programme includes provision of £150,000 for the replacement of the system used in regulatory services. However, with Local Government Reorganisation on the horizon, it is deemed not necessary to replace this system at this time. Therefore, there is a saving on the additional revenue costs that would have been incurred from implementing the system.

## **6.3 Funding streams – Business Rates Pooling**

It is recommended that the Council continue to be part of the Cumbria Pooling arrangements in 2022/23 now that the DLUHC has agreed not to revoke the current legislation, and all participating members have initially agreed that the pool continues in its current format. The current MTFP assumes the baseline level of funding from Business Rates as set by Government. On top of this, a recurring £900,000 is included for additional income retained over and above the baseline. Based on historic income levels and those projected in the NNDR1 forms, there is scope to increase this amount. By participating in the pool for 2022/23, there is an expectation of a benefit of approximately £800,000. The level of retained income per the NNDR1 submissions also provides scope to increase the base budget (over the baseline level) by a further £1,000,000 per year. For 2022/23 there would therefore be an expectation of an additional £1.8m above the current assumptions in the MTFP.

## **6.4 Savings**

The current MTFP includes a recurring savings requirement to be found by 2022/23 of £1.2million. A further £850,000 is expected to be made in 2023/24. This savings requirement takes no account of the pressures and bids or the additional savings identified above. The net position of the final pressures and savings identified as part of this budget process will require changes to be made to the overall savings target. As well as applying the principles of the agreed Savings Strategy, further work will be undertaken to ascertain whether any funds can be released from the Grants reserve; a review undertaken on the minimum level of reserves held by the Council, and a review of all base revenue budgets.

## **7 Treasury management and borrowing**

- 7.1** The Treasury Management projections are being updated to take account of the revised capital programme, including changes to funding and use of revenue reserves. The projections will also take into account the latest projections for interest rates, including the long-term investment in the property fund. The Treasury Management projections are set out elsewhere on the agenda (RD49/21), however these projections will need to be recalculated as decisions are made during the budget process with regard to contributions to and from reserves which impact on the level of cash forecasts and also the level of external borrowing undertaken.

## 8 Local Government Reorganisation

Local Government Reorganisation for Cumbria is now progressing, and the Programme Board have agreed that there will be a requirement to establish funding for the transition costs. For the six District Council's this could be as much as £1.576m each. Although the Council set aside £500,000 in earmarked reserves for LGR at the end of 2020/21, this will be retained in order to fund any costs which the Council may incur itself and therefore outwith the eligibility criteria for the Cumbria Wide Implementation Reserve. Therefore £1.6million will need to be identified to ensure that funds are available to support the implementation work and it is proposed that this be funded from existing earmarked reserves. Further details can be found in report RD54/21 elsewhere on the agenda.

## 9 Projected impact on revenue balances

9.1 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 over the five-year period.

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 E** and do **not** include any impact of the proposed pressures and savings outlined in this report. The Projects Reserve will be used as a first call for any projected revenue budget deficit however, maintaining the current level of reserves is dependent upon the achievement of the transformation savings. A risk-based review of reserve levels has been undertaken and shows that the minimum level of General Fund Reserves should be £3.1million due to uncertainties around future funding from Business Rates; however, this level will be reviewed during this budget process.

## 9 Review of reserves and balances

9.1 The requirement for financial reserves is statutory, with the Local Government Finance Act 1992 requiring authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement

9.2 The Local Government Finance Act 2003, adds a further requirement that in the case of a controlled reserve (i.e. one specified by the Corporate Director of Finance and

Resources), it is not appropriate for the balance of that reserve at the end of the financial year to be less than the minimum amount determined. It requires the Corporate Director of Finance & Resources to report to the authority if it appears that this is likely to be the case or that a controlled reserve is or is likely to be inadequate, together with the reasons and the action taken.

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

## **9.6 Types of Reserves**

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**

The actual reserves as at 31 March 2021 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 F**.

Useable Reserves	Balance at 31/03/2021	In Year Use	Projected Balance at 31/03/2022	Comments
General Fund Reserve	4,808,508	1,346,700	3,461,808	
Cremator Replacement Reserve	1,196,019	(41,000)	1,237,019	Allocated to replacement Cremators in capital programme
Carry Forward Reserve	627,543		627,543	
Economic Recovery Reserve	50,000	50,000	0	
Operational Risk Reserve - Covid-19 Pressures	500,000		500,000	Release for LGR Imp Reserve as costs are being contained within existing budgets
Operational Risk Reserve - Treasury Management	600,000		600,000	Release to fund increased borrowing costs anticipated in 22/23 and 23/24
Operational Risk Reserve - Savings	1,600,000		1,600,000	Release partially for LGR Imp Reserve
Operational Risk Reserve - Local Government Reorganisation	500,000		500,000	Required for LG Transition - Council's costs
Building Control Reserve	24,454		24,454	Ringfenced to BC activity
Planning Services Reserve	206,100	(18,900)	225,000	Ringfenced to Planning Activity
Waverley Viaduct Reserve	30,000		30,000	
Revenue Grants Reserve	2,140,870	380,300	1,760,570	Ringfenced to be spent on activity in accordance with grant determinations
Council Tax Hardship Grant Reserve	359,100	359,100	0	To be utilised in 21/22 on CT Hardship scheme
Council Tax Income Guarantee Scheme Reserve	69,048	69,048	(0)	Ringfenced to offset Brought Forward deficit on Collection Fund
Business Rates S31 Grants Reserve	9,463,000	9,463,000	0	Ringfenced to offset Brought Forward deficit on Collection Fund
Prosecution Fund Reserve	35,200		35,200	Potential to Release
City Centre Reserve	4,600		4,600	Potential to Release
Flood Reserve	4,200		4,200	Required for Civic Centre reinstatement project
Apprentice Reserve	96,100		96,100	Ringfenced to fund apprentice activity
Capital Grants Unapplied Reserve	125,591		125,591	Ringfenced to Capital programme
Deferred Credits Reserve	19,328		19,328	
Lanes Capital Fund	90,580		90,580	Ringfenced to Lanes
	<b>22,550,241</b>	<b>11,608,248</b>	<b>10,941,993</b>	

## 9.8 Review and Potential Release of Reserves

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.

**Appendix F** outlines the purpose, management and use of all reserves and provides a proposal as to the future of each reserve. It should be noted that the Council will need to contribute up to £1.6million to the County Wide LGR Implementation Reserve and it is proposed that this be funded from existing earmarked reserves.

## 9.9 Other Balances - Provisions

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.

The table below shows the balances on provisions at 31 March 2021.

Provisions	Balance at 31/03/2021	In Year Use	Projected Balance at 31/03/2022	
Cemeteries Perpetuity	74,787		74,787	Ringfenced to Cemeteries activity
Public Liability Provision	244,037		244,037	Insurance Provision for outstanding claims to be settled
Local Distress	10,051		10,051	
Revenue Bequests-Parker	855		855	
Revenue Bequests-District Nursing	5,531		5,531	
Capital Bequests	2,179		2,179	
Licensing Deposits - Taxi Plates	6,683		6,683	
Market Hall Deposits	7,870	(739)	8,609	
Licensing (appeal)	20,475		20,475	
Enterprise Centre Deposits	7,383	(1,280)	8,663	
Property Deposits	4,075	(2,880)	6,955	
Civil Penalties	22,600		22,600	
Standards Committee Complaints	10,000		10,000	
Land Charges Provision	34,002		34,002	
Rickergate Properties Ringfenced account	171,674	6,624	165,050	Ringfenced to properties purchased on Rickergate
Section 106 & Other Bonds	500		500	
Business Rates Appeals Provision	1,341,374		1,341,374	Ringfenced to settle BR appeals
	<b>1,964,076</b>	<b>1,725</b>	<b>1,962,352</b>	

## 10 Summary financial outlook and budget discipline 2022/23 to 2026/27

- 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, notwithstanding the on-going impact of COVID-19, within available resources over the lifetime of the MTFP.
- 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. The impact of a further one-year settlement for 2022/23 also adds to the challenges of securing a balanced MTFP.
- 10.3 In terms of expenditure pressures, again notwithstanding the impact of COVID-19 on the Council's budgets and economic recovery in general, the significant issue affecting the budget is the uncertainty regarding local government funding in terms of business rate reform and any burdens which may transfer as a result.

- 10.4 The deferral of the Fair Funding Review and the Business Rate Retention Reviews increases the uncertainty in terms of future funding especially from 2023/24 onwards; however, the scope to remain within the Cumbria Pooling arrangements for 2022/23 (if all participating authorities agree) may provide an opportunity, albeit temporary, in terms of increased financial support to the revenue budget from pooling and growth.
- 10.5 The requirement to identify up to £1.6million from earmarked reserves, as the Council's contributions to the County Wide LGR Implementation Reserve, places more pressure on the Council's resources and reserves, and the ability to fund required savings.
- 10.6 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.
- 10.7 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**

- 12.1 The Executive is requested to:
- (i) note the revised base estimates for 2021/22 and base estimates for 2022/23;
  - (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 2022/23 budget process.
  - (iv) Note the review of the earmarked reserves as outlined in paragraph 9 and Appendix F.

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

- 13.1 To ensure that a balanced budget is set.

**Contact details:**

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 2021/22 and Original budget 2022/23**
- **Appendix C - Existing Expenditure Commitments**
- **Appendix D – Existing Resource Projections**
- **Appendix E – Council Reserves**
- **Appendix F – Review of Reserves and Balances**

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

- None

**Corporate Implications:**

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

Property Services - There are no Property implications

Finance - contained within the body of the report

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

Information Governance - There are no information governance implications.

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

Report Ref	Date	Title
RD36/21	14/09/21	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2022/23 to 2026/27
RD37/21	14/09/21	Capital Strategy 2022/23 to 2026/27
GD58/21	14/09/21	Asset Management Plan 2022 - 2027
RD46/21	22/11/21	Budget Update – Revenue Estimates 2022/23 to 2026/27
RD47/21	22/11/21	Provisional Capital Programme 2022/23 – 2026/27
GD67/21	22/11/21	Charges Review – Licensing
GD55/21	22/11/21	Charges Review – Governance & Regulatory Services
CS37/21	22/11/21	Charges Review – Community Services
ED39/21	22/11/21	Charges Review – Economic Development
GD79/21	22/11/21	Corporate Assets – 3 Year Repair and Maintenance Programme
RD49/21	22/11/21	Treasury Management Q2 and Forecasts for 2022/23
RD48/21	22/11/21	Local Taxation 2022/23 to 2026/27

**MOVEMENTS BETWEEN ORIGINAL BUDGET 2021/22 & ORIGINAL BUDGET 2022/23**

	£	£
<b>Updated Original Estimate 2021/22</b>	<b>15,193,000</b>	
Carry Forwards 2020/21	<b>(1,721,000)</b>	
Programme Management Office	<b>(90,500)</b>	
<b>Original Estimate 2021/22</b>		<b>13,381,500</b>
<u>Impact of 2021/22 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	396,300	
Tullie House Core Funding	(150,000)	
Car Parking Income	(120,000)	
Leisure Contract Subsidy	(350,200)	
Gateway 44 Income	(713,500)	
Developer Contributions - Carlisle Southern Relief Road	(31,000)	
Budget Savings	(700,000)	
Treasury Management	315,600	
Rural Services Delivery Grant	192,800	
Capacity Bid Funding	20,000	
Replacement of Flare Data Management	16,000	
Programme Management Office	82,600	
Lower Tier Services Grant	388,800	
Covid-19 Funding	25,000	
Digital Marketing Officer	(26,800)	
Asset Disposal Saffing Financed from Capital	(112,000)	
Grants to Third Parties	(6,000)	
Environmental Clean up & Enforcement	(60,000)	
Grants to Carlisle & Eden MIND	(25,000)	
Pest Control Income	(25,000)	
		(882,400)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		364,900
<b>Original Estimate 2022/23</b>		<b>12,864,000</b>

**EXISTING EXPENDITURE COMMITMENTS**

EXPENDITURE PROJECTION	2021/22		2022/23 Estimate £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000
	Original Estimate £000	Revised Estimate £000					
<b>Core Expenditure:</b>							
Core Base Expenditure	11,995	11,995	11,600	11,182	11,436	11,721	12,028
Treasury Management	457	457	772	1,511	1,480	1,682	1,620
Inflation Projection	267	267	267	267	267	267	267
2021/22 agreed Savings	(335)	(335)	(500)	(575)	(547)	(537)	(537)
2021/22 agreed Spending	900	900	497	301	301	301	301
2021/22 Budget Changes	0	0	0	0	0	0	0
<b>Total Core Expenditure</b>	<b>13,284</b>	<b>13,284</b>	<b>12,636</b>	<b>12,686</b>	<b>12,937</b>	<b>13,434</b>	<b>13,679</b>
<b>Non Recurring Exp:</b>							
Pre 2021/22 approvals	34	34	(45)	0	0	0	0
2021/22 agreed Savings	(764)	(764)	0	0	0	0	0
2021/22 agreed Spending	827	827	190	190	190	0	0
Carry Forwards	0	1,721	0	0	0	0	0
Use of Earmarked Reserves	0	370	0	0	0	0	0
Use of General Fund	0	91	83	83	0	0	0
<b>Total non Recurring Expenditure</b>	<b>97</b>	<b>2,279</b>	<b>228</b>	<b>273</b>	<b>190</b>	<b>0</b>	<b>0</b>
<b>Total City Council Budget Requirement</b>	<b>13,381</b>	<b>15,563</b>	<b>12,864</b>	<b>12,959</b>	<b>13,127</b>	<b>13,434</b>	<b>13,679</b>
<b>Parish Council Precepts</b>	<b>708</b>	<b>708</b>	<b>726</b>	<b>744</b>	<b>763</b>	<b>782</b>	<b>802</b>
<b>Total Requirement</b>	<b>14,089</b>	<b>16,271</b>	<b>13,590</b>	<b>13,703</b>	<b>13,890</b>	<b>14,216</b>	<b>14,481</b>

**EXISTING RESOURCE PROJECTIONS**

RESOURCES PROJECTION	2021/22 Original Estimate £000	2021/22 Revised Estimate £000	2022/23 Estimate £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000
<b>Projected External Finance:</b>							
- Retained Business Rates (inc Pooling)	(6,209)	(6,209)	(4,479)	(4,551)	(4,624)	(4,699)	(4,775)
- Surplus on Collection Fund	64	64	41	41	(50)	(50)	(50)
- C/Tax for Parish Precepts	(708)	(708)	(726)	(744)	(763)	(782)	(802)
- Council Tax Yield	(7,703)	(7,703)	(7,955)	(8,211)	(8,472)	(8,737)	(9,007)
<b>Total Income based on £5 Tax increase Projections</b>	<b>(14,556)</b>	<b>(14,556)</b>	<b>(13,119)</b>	<b>(13,465)</b>	<b>(13,909)</b>	<b>(14,268)</b>	<b>(14,634)</b>
<b>Plus Approved Contributions from Balances:</b>							
- Pre 2021/22 non-recurring commitments	(97)	(97)	(145)	(190)	(190)	0	0
- Pre 2021/22 recurring	564	564	(243)	35	209	52	153
Carry Forwards	0	(1,721)	0	0	0	0	0
Use of Earmarked Reserves	0	(370)	0	0	0	0	0
Use of General Fund	0	(91)	(83)	(83)	0	0	0
<b>Total Use of Reserves</b>	<b>467</b>	<b>(1,715)</b>	<b>(471)</b>	<b>(238)</b>	<b>19</b>	<b>52</b>	<b>153</b>
<b>Total Projected Resources</b>	<b>(14,089)</b>	<b>(16,271)</b>	<b>(13,590)</b>	<b>(13,703)</b>	<b>(13,890)</b>	<b>(14,216)</b>	<b>(14,481)</b>

**COUNCIL RESERVES**

Analysis of Council Reserves	Outturn 31 March 2021 £000	Projected 31 March 2022 £000	Projected 31 March 2023 £000	Projected 31 March 2024 £000	Projected 31 March 2025 £000	Projected 31 March 2026 £000	Projected 31 March 2027 £000
<b>Revenue Reserves</b>							
General Fund Reserve	(3,100)	(3,463)	(2,992)	(2,754)	(2,773)	(2,825)	(2,978)
Projects Reserve	(1,708)	0	0	0	0	0	0
Carry Forward Reserve	(628)	(628)	(628)	(628)	(628)	(628)	(628)
	<b>(5,436)</b>	<b>(4,091)</b>	<b>(3,620)</b>	<b>(3,382)</b>	<b>(3,401)</b>	<b>(3,453)</b>	<b>(3,606)</b>
Cremator Replacement Reserve	(1,196)	(887)	13	13	13	13	13
Economic Recovery Reserve	(50)	0	0	0	0	0	0
Operational Risk Reserve - Covid19	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Operational Risk Reserve - Treasury Mgt	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Operational Risk Reserve - Savings	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)	(1,600)
Operational Risk Reserve - LGR	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Building Control Reserve	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Planning Services Reserve	(206)	(225)	(225)	(225)	(225)	(225)	(225)
Waverley Viaduct Reserve	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Revenue Grants Reserve	(2,141)	(1,761)	(1,761)	(1,761)	(1,761)	(1,761)	(1,761)
Council Tax Hardship Grant Reserve	(359)	0	0	0	0	0	0
Council Tax Income Guarantee Scheme Reserve	(69)	0	0	0	0	0	0
Business Rates S.31 Grant Reserve	(9,463)	0	0	0	0	0	0
Prosecutions Fund Reserve	(35)	(35)	(35)	(35)	(35)	(35)	(35)
City Centre Reserve	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Flood Reserve	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Apprentice Reserve	(96)	(96)	(96)	(96)	(96)	(96)	(96)
<b>Total Revenue Reserves</b>	<b>(22,314)</b>	<b>(10,358)</b>	<b>(8,987)</b>	<b>(8,749)</b>	<b>(8,768)</b>	<b>(8,820)</b>	<b>(8,973)</b>
<b>Capital Reserves</b>							
Usable Capital Receipts	0	0	0	0	0	0	0
Unapplied capital grant	(126)	(3)	(3)	(3)	(3)	(3)	(3)
Lanes Capital Reserve	(90)	(105)	(120)	(135)	(150)	(165)	(180)
<b>Total Capital Reserves</b>	<b>(216)</b>	<b>(108)</b>	<b>(123)</b>	<b>(138)</b>	<b>(153)</b>	<b>(168)</b>	<b>(183)</b>
<b>Total Usable Reserves</b>	<b>(22,530)</b>	<b>(10,466)</b>	<b>(9,110)</b>	<b>(8,887)</b>	<b>(8,921)</b>	<b>(8,988)</b>	<b>(9,156)</b>
<b>Other Technical Reserves (i)</b>	<b>(105,815)</b>						
<b>Total All Reserves</b>	<b>(128,345)</b>						

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



**RESERVES**

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
<b><i>Capital Reserves</i></b>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
Lanes Capital Reserve	90	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
<b><i>Revenue Reserves</i></b>				
General Fund Reserve	3,100	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>Approval to release funds from the</p>	This reserve is still required

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
			<p>reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	
Projects Reserve	1,708	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	Management of the reserve rests with the Corporate Director of Finance and Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Carry Forward Reserve	628	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	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	This reserve has been reviewed and re-allocated to specific projects

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
		to be in an overspend position at year end.		
Building Control Reserve	24	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 Corporate Director of Economic Development via an Officer Decision Notice	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
Cremator Reserve	1,196	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required and is being used to fund the replacement of the cremators as outlined in the capital programme.
City Centre Reserve	5	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	Potential to release reserve

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Flood Reserve	4	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 Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required and will be released in 2021/22 to support the reinstatement of the Civic Centre
Prosecutions Reserve	36	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	Potential to release reserve
Revenues Grants Reserve	2,141	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	206	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Apprenticeship Reserve	96	To establish a reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required

<b>Reserve</b>	<b>Balance 31/3/21</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>
Waverley Viaduct Reserve	30	To earmark funds towards the development of the Waverley Viaduct	Management of the Reserve Rests with the Corporate Director of Governance & Regulatory Services. Approval to release funds from the reserve only be given by the Corporate Director of Governance & Regulatory Services.	This reserve is still required
Operational Risk Reserve	3,200	To provide funds to support potential ongoing pressures in relation to Covid (£0.5m), Local Government Reorganisation/Transformation projects (£0.5m), treasury management pressures (£0.6m) and savings to be achieved (£1.6m).	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Executive of the Council following the advice of the Corporate Director of Finance and Resources.	This reserve will be used to partially fund the additional requirement for LGR implementation costs
Council Tax Hardship Grant Reserve	359	A reserve to hold available Covid related Council Tax Hardship Grant.	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources in consultation with the portfolio holder.	This reserve has been released in 21/22 to fund hardship grants
Council Tax Tax Income Guarantee Scheme Reserve	69	To hold the balance of the Tax Income guarantee scheme grant received and to be released to partly offset the Council Tax deficit carried forward from 2020/21	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources in consultation with the portfolio holder.	This reserve has been released in 21/22 to offset the deficit on the Collection Fund
Business Rates S.31 Grant Reserve	9,463	To hold the balance of Section 31 grants received as compensation for loss of business rate income due to expanded retail, leisure and hospitality relief and to offset	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an	This reserve has been released in 21/22 to offset the deficit on the Collection Fund

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
		the deficit carried forward on the Business Rates Collection Fund from 2020/21.	Officer Decision Notice by the Corporate Director of Finance and Resources.	
Economic Recovery Reserve	50	To support economic recovery for local parishes and urban communities as match funding to aid recovery following the COVID pandemic.	Management of the Reserve rests with the Corporate Director of Economic Development once eligibility criteria has been established by the Executive. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Economic Development in consultation with the portfolio holder and Corporate Director of Finance and Resources.	This reserve has been released and utilised in 21/22
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required

### **Provisions**

Provision	Balance 31/3/21	Purpose	Future of the Provision
Business Rate Appeals	1,341	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.

Provision	Balance 31/3/21	Purpose	Future of the Provision
Insurance Provision	244	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 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.
Rickergate Ringfenced Account	172	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	34	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
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	4	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

<b>Provision</b>	<b>Balance 31/3/21</b>	<b>Purpose</b>	<b>Future of the Provision</b>
Market Hall Deposits	8	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	7	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
Civil Penalties	23	To establish a provision in relation to costs to be funded from Civil Penalties income in accordance with the Housing & Planning Act 2016.	This Provision is still required
S.106 & Other Bonds	1	A provision for a performance bond required in relation to Section 106 agreements.	This Provision is still required
Bequests	19	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.



# Carlisle City Council

## Report to Executive

### Report Details

Meeting Date: 22<sup>nd</sup> November 2021  
 Portfolio: Environment & Transport & Culture, Heritage & Leisure  
 Key Decision: Yes: Recorded in the Notice Ref: KD. 10/21  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: CHARGES REVIEW REPORT 2022/2023 – COMMUNITY SERVICES  
 Report of: The Deputy Chief Executive  
 Report Number: CS 37/21

### Purpose / Summary:

This report sets out the proposed fees and charges for 2022/23 relating to those services falling within the Community Services Directorate.

### Recommendations:

The Executive is asked to

- (i) Review the proposed charges as set out in the body of this report and relevant appendices with effect from 1st April 2022 noting the impact these will have on income generation as detailed within the report.
- (ii) Make this report of proposed charges available to relevant Scrutiny Panels for their review and comment.

### Tracking

Executive:	<b>22 November 2021, 20 December 2021</b>
Scrutiny:	<b>B&amp;TSP 7 December 2021 EGSP 2 December 2021 H&amp;WSP 25 November 2021</b>
Council:	<b>n/a</b>

## **1. BACKGROUND**

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

## **2. CORPORATE CHARGING POLICY 2022/23 TO 2026/27**

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at **Appendix 14**, was approved by the Executive on 31 August 2021 and approved by Full Council on 14 September 2021 and sets out the City Council's policy for reviewing charges. The principal objectives of setting the charges are: -
- Recovering the cost of service provision
  - Generate surplus income (where permitted)
  - Maintain existing service provision
  - Fund service improvements or introduction of new services(s)
  - Manage demand for service(s)
  - Promote access to services for low-income households
  - Promote equity or fairness
  - Achieve wider strategic policy objectives
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their services or client groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## **3. CITY CENTRE – SHOWN AT APPENDIX 1**

- 3.1 For 2022/23 it is proposed that the City Council has a varied approach to its charges for usage of the City Centre. To encourage use of the commercial

pitches, pavement cafe and the Farmers Market it is proposed to maintain these rates as the current rate. The remainder would be increased by 3%.

#### **4. CAR PARKING – SHOWN AT APPENDICES 2, 3 & 4**

##### **4.1 Pay and Display Tariff**

It is proposed to add 10p to all tariffs across all car parks. For example, the cost of parking for one hour will increase by 10p in all car parks. The cost of parking for two hours will increase by 10p and so on. The cost of parking all-day will increase by 10p.

##### **4.2 Permit Price**

To maintain consistency with the above increase, it is proposed to increase the price of permits by the equivalent of 10p per day, adding 50p per week to the cost of a five-day Monday to Friday permit, 60p per week to a six-day Monday to Saturday permit and 70p per week to the cost of a seven-day Monday to Sunday permit. As agreed last year, the cost of the transaction fee will continue to be passed on to the customer. This is currently set at 98p per transaction, for example adding 98p to the cost of an annual permit (1 x transaction fee). Or, adding 98p to the cost of a monthly permit. A customer buying 12 monthly permits, would incur 12 x 98p in transaction fees across the year. It is important to note that the transaction fee is not income for the Council, it is a charge made to us by our Contractor (permit operator) and passed on at cost.

The permit offer remains very competitive and exceptional value for customers. It is further proposed this year to delegate responsibility to the Parking and Enforcement Manager to agree rates for business customers purchasing multiple permits for their employees.

#### **5. HEALTH & WELLBEING**

##### **5.1 ALLOTMENTS SHOWN AT APPENDIX 5**

The charge for allotments is based on the size of each plot and it is proposed that the Council increases the current charge to 33p per square metre. The water charge, which is standard for all plots, will rise by 3% to take account of inflation.

## **5.2 USE OF PARKS CHARGES SHOWN AT APPENDIX 6**

At present our parks are used for a mixture of charitable, low key, large and commercial events and activities. The fees proposed all represent 3% inflationary increase designed to help offset the cost of maintenance.

For larger commercial events, we propose to continue to negotiate fees based on the anticipated size of the audience and/or the scale of the event.

## **5.3 FOOTBALL PITCHES SHOWN AT APPENDIX 7**

For the 2022/23 season, we propose to increase pitch hire fees by a rounded 3%.

## **5.4 TALKIN TARN SHOWN AT APPENDIX 8**

It is proposed to increase the fees attributable to Talkin Tarn by 3% in line with inflation costs.

In addition, due to the demand for daily open water swimming, paddle boarding and canoeing/kayaking it is proposed to add new fees for these activities.

## **6. BEREAVEMENT SERVICES SHOWN AT APPENDIX 9**

- 6.1 Services provided by the City Council via Bereavement Services represent a significant portion of the Council's annual income. The costs associated with providing these services and attending to the maintenance and upkeep of our crematorium and cemeteries continue to rise and accordingly we propose to increase most charges by 3%.

The City Council invested in the technology to allow services to be livestreamed during the pandemic. These have been offered free of charge due to restrictions on numbers attending services at Carlisle Crematorium.

It is proposed to include livestreaming as part of the basic cremation fee to allow attendance of as many people as possible and to encourage reduced journeys. The £30 cost of livestreaming will be added to the basic cremation fee. There is also additional information provided to detail what is included in the cremation fee to allow like for like comparison. Carlisle continues to offer one of the lowest cremation fees in the region.

**7. TOURIST INFORMATION CENTRE AND DIGITAL BANNER SHOWN AT APPENDIX 10**

- 7.2 It is proposed to maintain the pricing schedule for the Digital Banner to encourage demand.
- 7.3 It is proposed to increase the charges for the room hire at the Tourist Information Centre by 3%.

**8. WASTE SERVICES SHOWN AT APPENDIX 11**

- 8.1 The City Council makes a charge for the supply and replacement of bins and bags for refuse and recycling. These charges encourage residents to look after their bins / bags and support recycling by offering reduced costs e.g., for smaller bins. It is felt that the package of charges and alternative options is fair and reasonable for the supply of wheeled bins, bags and boxes and no changes or increases are suggested this year. It is proposed however to increase the cost of the bulky waste collection service by 3%, adding 75p to the cost of collection for up to three bulky waste items. The charge for additional bulky items is proposed to increase by 20p from £5.00 to £5.20.
- 8.2 The City Council is keen to encourage recycling and therefore provides replacement or additional bags and boxes without charge to residents. However, there is a need to charge for the delivery of containers but retain discretion to waive this fee based on individual cases. Should the collection option be unavailable for any reason, the charge for delivery may be suspended.
- 8.3 The Neighbourhood Service Manager and Technical Services Manager can waive the charges after considering individual cases without setting a precedent.

**9. GARAGE SHOWN AT APPENDIX 12**

- 9.1 To keep us competitive it is proposed to retain the MOT charge. The DVSA have capped their fees for some time now and so our competitors have not increased their charges either.

## 10. ENFORCEMENT SHOWN AT APPENDIX 13

### 10.1 Enforcement

There are no new charges proposed this year. Fees and charges are set nationally and may change across the year.

The charges for the collection, kennelling and return of stray dogs to their owners reflect the new contract now in place. The charges vary depending upon the time for example that a stray dog is collected with out-of-hours activity charged at a higher rate. As in previous years, the charges are further increased for second and repeat incidents; this is designed to encourage responsible dog ownership.

## 11. SUMMARY OF INCOME

11.1 The original 2021/22 budgets and 2022/23 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2021/22 £	MTFP Target 2022/23 £	Original Estimate 2022/23 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	38,100	39,200	11,200	28,000
Dog Policy EPA	10,100	10,400	10,400	0
Bereavement Services	1,603,900	1,657,500	1,657,500	0
Allotments	19,700	20,300	20,300	0
Special Collections	60,700	62,500	62,500	0
Sports Pitches	4,500	2,900	2,900	0
Car Parking	1,055,800	1,270,000	970,000	300,000
MOT Testing	6,600	6,700	6,700	0
Assembly Rooms	6,600	6,600	6,600	0
Event Assets	600	600	600	0
Carlisle Focus	2600	2,700	0	2,700
Advertising	67,500	69,500	14,500	55,000
	<b>2,876,700</b>	<b>3,148,900</b>	<b>2,763,200</b>	<b>385,700</b>
Talkin Tarn Car Park	42,900	47,300	47,300	0
<b>Total</b>	<b>2,919,600</b>	<b>3,196,200</b>	<b>2,810,500</b>	<b>385,700</b>

- 11.2 The charges highlighted within this report will result in an anticipated level of income of £2,810,500 against the MTFP target of £3,196,200. This represents a shortfall of £385,700 against the MTFP target.

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

- 12.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1<sup>st</sup> April 2022 noting the anticipated impact these will have on income generation as detailed within the report.

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

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

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

**Ext:**    **7120**

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

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

- **None**

### **CORPORATE IMPLICATIONS:**

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

**FINANCE –** The acceptance of the charges highlighted in this report will result in an anticipated level of income of £2,810,500 against the MTFP target of £3,196,200. This represents an overall shortfall of £385,700. The projected shortfall of £300,000 in respect of Car Parking Income is being put forward as a budget pressure for consideration as part of the 2022/23 budget process. The other projected shortfalls (£85,700) will need to be found from within existing base budgets.

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

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

CITY CENTRE PROMOTIONAL BOOKING CHARGES					
Event Type	Current Charges 2021/22			Proposed New Charge 2022/23	Comment 2022/23
Charities, Education and Public Information Events	N/A			N/A	
Large Commercial Markets	£1,162 per day			1196.86 per day	3%
Farmers Markets (e.g. Local Traders)	£18 per stall per day			£18 per stall per day	No change
Large Children's Ride	£100 per stall per day			£103 per stall per day	3%
Small Children's Ride	£75 per stall per day			£77.25 per stall per day	3%
Commercial Promotions	Daily charge per 3m x 3m or 9m²			Daily charge per 3m x 3m or 9m²	
	One pitch £70			One Pitch £70	No change
	Two pitches £140			Two pitches £140	No change
	Three pitches £209			Three pitches £209	No change
	Four pitches £278			Four pitches £278	No change
	Max charge £278			Max charge £278	No change
Large Commercial Promotions	£570 per promotion			£570 per promotion	No change
Commercial Promotions Cancellations and No Shows	Daily Rate			Daily Rate	
Large Events	£1,162 per day			£1197 per day	3%
Pavement Cafes	Current Charges 2021/22			Proposed New Charge 2022/23	Comment 2022/23
County Council administration fee payable when licence granted	£25			£25	No change
City Council administration fee, payable annually to cover:-					
- Up to 2 tables and 4 chairs	£138			£138	No change
- Each additional table and 2 chairs	£40			£40	No change
- Legal fee for preparation of licence	£247			£247	No change
Event Infrastructure	CITY CENTRE EVENT BOOKING CHARGES				
3rd Party Hire	Current Charges 2021/22		Proposed New Charge 2022/23	VAT	Comment 2022/23
Gazebo/Stall Hire (including put up and take down)	£57.00		£59.00	as applicable	3%
Table	£6.50		£6.70	as applicable	3%
Events	Current Charges 2021/22	VAT	Proposed New Charge 2022/23	VAT	Comment 2022/23
3m x3m pitch only	£28		£29	N/A	3%
6m x3m pitch only	£55		£57	N/A	3%
table and 1 chair	£10.50		£11	N/A	3%
3m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£43		£44	as applicable	3%
6m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£86		£89	as applicable	3%
Contribution to generator hire - power up to 5kva	£10.50		£11	as applicable	3%
Contribution to generator hire - power up to 10kva	£23		£24	as applicable	3%
Fireshow (Bitts Park)	Current Charges 2021/22	VAT	Proposed New Charge 2022/23	VAT	Comment 2022/23
Periphery pitches (five available)	£152	-	See Comment	N/A	Remove and incorporated into Use of
Premium pitches (3 available)	£274	-		N/A	Parks fees and charges



			APPENDIX 2
CAR PARKS TICKET CHARGES			
WEST WALLS			Additional Notes 2022/23
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to the tariff Check in/Check option trialled in this car park so customers pay for the exact time they are in the car park by tapping their card when they arrive and when they leave.
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.80	£2.90	
3 to 4 hours	£3.40	£3.50	
4 to 9.5 hours	£4.30	£4.40	
CIVIC CENTRE			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.80	£2.90	
3 to 4 hours	£3.40	£3.50	
4 to 9.5 hours	£10.60	£10.70	
BITTS PARK			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.80	£2.90	
3 to 4 hours	£3.40	£3.50	
4 to 9.5 hours	£5.40	£5.50	
LOWTHER STREET			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.80	£2.90	
3 to 4 hours	£3.40	£3.50	
4 to 9.5 hours	£5.40	£5.50	
PADDY'S MARKET			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
ALL DAY TARIFF	£2.70	£2.80	
THE SANDS/SWIFTS BANK			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.60	£2.70	
3 to 4 hours	£3.10	£3.20	
4-9.5 hours	£3.70	£3.80	
Early Bird - Pay before 10.30am for the early bird price to park all day Monday to Friday only	£2.70	£2.80	
Minibuses (Sands Car Park only)	£3.70 All day	£3.80 All day	

VIADUCT			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff Check in/ check out is to be added to the car park, meaning customers pay for the exact time in the car park rather than per hour
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.20	£2.30	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£2.90	£3.00	
4 to 9.5 hours	£3.70	£3.80	
Early Bird - Pay before 10.30am for the early bird price to park all day Monday to Friday only	£3.00	£3.10	
CALDEW RIVERSIDE			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.50	£2.60	
3 to 9.5 hours	£2.90	£3.00	
CASTLE			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff Check in/ check out is to be added to the car park, meaning customers pay for the exact time in the car park rather than per hour
Up to 1 hour	£1.30	£1.40	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.50	£2.60	
3 to 9.5 hours	£2.90	£3.00	
Minibuses, Campers, Motor Homes, Caravans and Motor Caravans	£3.70 all day	£3.80 all day	
TALKIN TARN			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	10p added to each tariff 10% added to the permit charge as no increase for a few years
Monday to Sunday (including Bank Holidays & Public Holidays) between 10am and 6pm	Cars - up to 1 hour £1.20	£1.30	
	Cars - over 1 hour £2.30	£2.40	
	Minibuses - up to 12 hrs £4.60	£4.70	
	Coaches - up to 12 hrs £5.80	£5.90	
ANNUAL MEMBERSHIP PARKING PERMIT	£55.00	£60.00	
Electric vehicle's charging in designated pays			
Tariff Band	2021/22 Charge	Proposed 2022/23 Charge	To support the shift to electric vehicles, the City Council is supporting the installation of charging points in our car parks. Through discussion with the Portfolio Holder (Transport and Environment) the Team Manager (parking and enforcement) will have delegated responsibility to develop / pilot different charging options / tariffs for motorists using EV bays and re-charging their vehicles
TBC	N/A	TBC	

## CAR PARK PERMIT CHARGES

Car Park	2021/22 Charges		2021/22 Charges		2021/22 Charges		2022/23 Proposed Charges		2022/23 Proposed Charges		2022/23 Proposed Charges		Comments
													2022/23
	Monday to Friday annual permit	Monday to Friday monthly permit	Monday to Saturday annual permit	Monday to Saturday monthly permit	Monday to Sunday annual permit	Monday to Sunday monthly permit	Monday to Friday annual permit	Monday to Friday monthly permit	Monday to Saturday annual permit	Monday to Saturday monthly permit	Monday to Sunday annual permit	Monday to Sunday monthly permit	
Castle and Paddy's Market	£239.94	£26.73	£287.32	£27.76	£335.73	£31.88	£266.92	£29.88	£319.50	£31.34	£373.11	£35.89	To keep in line with the proposed 10p increase on tarriffs at the pay and display it is also proposed we add on 10p per day for permits - prices include the contractor admin fee of 0.98. Delegated authority also given to Team Manager to discuss business permits pricing options.
The Sands and Swifts Bank	£553.06	£54.54	£663.27	£61.75	£773.48	£72.05	£580.04	£57.69	£695.45	£65.33	£810.86	£76.06	
Viaduct	£485.08	£47.33	£581.90	£54.54	£678.72	£63.81	£512.06	£50.48	£614.08	£58.12	£716.10	£67.82	
Caldew Riverside	£266.72	£28.79	£320.28	£30.85	£372.81	£36.00	£293.70	£31.94	£352.46	£34.43	£410.19	£40.01	

## CAR PARK CHARGES FOR ALTERNATIVE USES

CAR PARK	2021/22 Charge		Proposed Charge 2022/23		2022/23 Comment
	Essential/ Commercial at current rate	Trading	Essential/Trading at current rate		
Civic Centre	£10.90	N/A	POA	POA	Delegated responsibility to Team Manager Parking and Enforcement to negotiate essential and trading rates dependant upon the location, time scale, reason for use and when required.
West Walls	£10.90	POA	POA	POA	
Bitts Park	£5.50	POA	POA	POA	
Lowther Street	£5.50	N/A	POA	POA	
Paddy’s Market	£4.40	POA	POA	POA	
The Sands	£4.40	POA	POA	POA	
Swifts Bank	£4.40	POA	POA	POA	
Viaduct	£4.40	POA	POA	POA	
Castle	£3.30	POA	POA	POA	
Caldew Riverside	£3.30	POA	POA	POA	

## ALLOTMENT CHARGES

TYPE OF CHARGE	Current Charges 2021/22	Proposed New Charge 2022/23	Comment 2022/23
Rental	32p per square metre	33p per square metre	3%
Water Supply	£12.80 for the year	£13.18 for the year	3%

USE OF PARKS CHARGES				
	Current Charges 2021/22		Proposed New Charge 2022/23	Comment 2022/23
		LARGE EVENT INC CATERING PER EVENT		
TYPE OF ACTIVITY/EVENT	MINIMUM FEE		FEE	
*Low key' commercial use – *Caterers selling hot & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£72 per day	N/A	£74 per day	3%
*Fun Fairs	1-10 rides/stalls £376 plus VAT per open day 11-15 rides/stalls £515 plus VAT per open day 16-20 rides/stalls £659 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £387 plus VAT per open day 11-15 rides/stalls £530 plus VAT per open day 16-20 rides/stalls £679 plus VAT per open day Over 20 rides/stalls by negotiation	3%
*Fun Fairs Building & Derigging Charges	1-10 rides/stalls £93 plus VAT per day 11-15 rides/stalls £129 plus VAT per day 16-20 rides/stalls £165 plus VAT per day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £96 plus VAT per day 11-15 rides/stalls £133 plus VAT per day 16-20 rides/stalls £170 plus VAT per day Over 20 rides/stalls by negotiation	3%
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£263 plus re-instatement cost	£256 per day plus re-instatement cost	£271 per day plus re-instatement cost	3%
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,290 plus re-instatement	£1,252 per customer/per day plus re-instatement costs	£1,329 plus re-instatement Large scale events £1290/day plus re-instatement costs	3%
Fully Commercial Events – takings from sale of consumables (additional charge)	£60 per catering unit	£60 per catering unit	£62 per catering unit	3%
Commercial pitch (Catering, trade stands etc.)	£57 to £247		£59 to £254	3% Exact price dependent on size of stall and length of event
Charity and not for profit organisations pitch	£26 to £52		£27 to £54	
NB The above charges are subject to VAT where applicable.				
Memorialisation in Green Spaces	In line with Bereavement Services memorialisation charges if applicable.			

FOOTBALL PITCHES CHARGES			
SPORTS PITCHES TYPE OF USE	Current Charges 2021/22	Proposed Charges 2022/23	Comment 2022/23
Senior Clubs per match	£72.00	£74.00	3%
Junior Clubs per match	£36.00	£37.00	3%
<b><u>Pitch and Accommodation/Season*</u></b>			
Senior Clubs	£673.00	£693.00	3%
Junior Clubs	£203.00	£209.00	3%
*Includes use of showers, changing facilities and training room if available			
<b><u>Pitch Only/Season</u></b>			
Senior Clubs	£257.00	£265.00	3%
Junior Clubs	£77.00	£79.00	3%
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Existing Penalty 2021/22	Proposed Penalty 2022/23	Comment
Senior Clubs/match	£80.00	£82.00	3%
Junior Clubs/match	£80.00	£82.00	3%

## TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES

TALKIN TARN OTHER ACTIVITIES	Current Charges 2021/22	2022/23	Comment 2022/23
Education Cabin Hire	£38 per half day	£39 per half day	3%
	£72 per full day	£74 per full day	3%
	£8.50 per hr - min. charge 2 hrs	£8.75 per hr - min. charge 2 hrs	3%
The Alex Boathouse Hire	15% of any takings	15% of any takings	3%
Water Sports Day Permit	£8.50	£8.75	3%
Annual Water Sport Permit	£399 (For Groups)	£411 (For Groups)	3%
	£137 (For Individuals)	£141 (For Individuals)	3%
Fishing Permit	£3.50 adult per day	£3.60 adult per day	3%
	£2.43 child per day	£2.50 child per day	3%
	£36 Annual Permit	£37.00 Annual Permit	3%
Annual Registration Fee for Swimming	£12.20 per adult	£12.55 per adult	3%
Visitor Registration Fee for Swimming (2 week pass)		£4.50	New charge due to demand
Day Permit - Stand up Paddle Board, Canoe, Kayak		£4.00	New charge due to demand
Annual Permit - Stand up Paddle Board, Canoe, Kayak		£66.50	New charge due to demand
Camping (private, insured groups)		£3 per person per night	Not previously in charges review



## BEREAVEMENT SERVICES CHARGES

Product/Service	Current Charges 2021/22	Proposed Charges 2022/23	Comment 2022/23
<b>CREMATION - VAT NOT INCLUDED</b>			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	FOC	FOC	
Cremation over 18 years - includes: cremation use of chapel music live streaming and viewing for 7 days environmental levy medical referees fee	896.00	953.00	3% + £30 livestreaming costs.
Cremation Body Parts, Blocks and Slides	90.00	93.00	3%
Additional copies of Cremation Certificates	30.00	31.00	3%
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	30.00	31.00	3%
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	56.00	58.00	3%
Additional 40 minute service time for Cremation	144.00	148.00	3%
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Use of Chapel of Rest/Chilled Storage 24 hours	21.00	22.00	3%
48 hours	38.00	39.00	3%
72 hours	53.00	55.00	3%
Placing of Cremated Remains from away in Garden of Remembrance/Woods	72.00	74.00	3%
<b>Containers</b> Plastic Urn	22.00	23.00	3%
Metal Urn	33.00	34.00	3%
Casket	50.00	52.00	3%
Baby Urn	8.00	9.00	£1.00 increase
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	21.00	22.00	3%
<b>BURIAL - VAT NOT INCLUDED</b>			
Interment N/VF, Stillborn or Child up to 1 month	FOC	FOC	
Interment of child 1 month to 17 years	FOC	FOC	
Interment over 18 years	803.00	827.00	3%
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	FOC	FOC	
Interment over 18 years (out of hours: Mon-Sat)	1075.00	1107.00	3%
Interment of child 1 month to 17 years (out of hours: Sunday)	FOC	FOC	
Interment over 18 years (out of hours: Sunday)	1163.00	1198.00	3%
Interment of child 1 month to 17 years (out of hours: Bank Hols)	FOC	FOC	
Interment over 18 years (out of hours: Bank Hols)	1252.00	1290.00	3%
Interment of Cremated Remains (Per Set)	245.00	252.00	3%
Interment of Body Parts, Blocks and Slides	72.00	74.00	3%
<b>Purchase of Exclusive Right of Burial</b>			
<b>NB Choice of 2 periods: 30 years and 50 years</b>			
<b>30 Year Term</b>			
Grave used for burial of child up to 18 years	77.00	79.00	3%
Grave used for burial of person over 18 years	764.00	787.00	3%
Grave used for burial of Cremated Remains	268.00	276.00	3%
<b>50 Year Term</b>			
Grave used for burial of child up to 18 years	102.00	105.00	3%
Grave used for burial of person over 18 years	1282.00	1320.00	3%
Grave used for burial of Cremated Remains	446.00	459.00	3%
<b>WOODLAND BURIAL</b>			
<b>30 Year Term</b>			
Adult Grave for one burial	297.50	306.00	3%
Adult Grave for two burials	595.00	613.00	3%
Grave for Cremated Remains	297.50	306.00	3%
<b>50 Year Term</b>			
Adult Grave for one burial	494.50	509.00	3%
Adult Grave for two burials	989.00	1019.00	3%
Grave for Cremated Remains	494.50	509.00	3%

<b>Erection of Memorial etc</b>			
Placing a Headstone/Monument to cover <b>one</b> grave space	196.00	202.00	3% increase
Placing a Headstone/Monument to cover <b>two</b> grave spaces	392.00	404.00	Calculated as twice the single burial option
Placing a Headstone/Monument to cover <b>three</b> grave spaces	588.00	606.00	Calculated as three times the single burial option
Placing an additional inscription or memorial vase	77.00	79.00	3%
Replacement of existing Headstone	96.00	99.00	3%
<b>USE OF BURIAL CHAPELS - VAT NOT INCLUDED</b>			
Richardson Street	144.00	148.00	3%
Stanwix	144.00	148.00	3%
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Transfer of Grave Rights/Statutory Declaration	59.00	61.00	3%
Re turf graves ( <i>at management discretion</i> )	33.00	34.00	3%
Search Records (with date supplied)	25.00	26.00	3%
Search Records (no date/vague date supplied)	31.00	32.00	3%
Seat Maintenance	115.00	118.00	3%
Discretionary charge to Funeral Directors exceeding allocated service time	144.00	148.00	3%
Use of organ	25.00	26.00	3%
Location and on-site identification of grave spaces	40.00	41.00	3%
<b>MEMORIALISATION FEES – VAT INCLUDED</b>			
<b>Book of Remembrance</b>			
2 line entry	77.00	79.00	3%
5 line entry	140.00	144.00	3%
5 line entry + Flower Emblem or Badge	210.00	216.00	3%
8 line entry	173.00	178.00	3%
8 line entry + Flower Emblem or Badge	238.00	245.00	3%
<b>Remembrance Cards</b>			
2 line entry	49.00	50.00	3%
5 line entry	85.00	88.00	3%
5 line entry + Flower, Emblem or Badge	160.00	165.00	3%
8 line entry	108.00	111.00	3%
8 line entry + Flower, Emblem or Badge	179.00	184.00	3%
<b>Baby Book of Remembrance</b>			
Per line	11.50	12.00	3%
Motifs	80.00	82.00	3%
<b>Granite Plaques</b>			
2 lines inscribed	360.00	371.00	3%
3 lines inscribed	463.00	477.00	3%
4/5 lines inscribed	567.00	584.00	3%
Each reserved line inscribed	103.00	106.00	3%
<b>Bronze Plaques</b>			
2 up to 4 lines inscribed	364.00	375.00	3%
Replacement Bronze Plaque	141.00	145.00	3%
Sheepfold Plaque	430.00	443.00	3%
<b>Hardwood Seats</b>			
Hardwood Seat	1175.00	1210.00	
Maintenance of Bench on request (Cleaned and stained)	150.00	155.00	
<b>Audio recording of Cremation Service</b>	72.00		Remove
<b>Audio/visual recording of services in the Crematorium Chapel</b>			
Downloadable video file		40.00	New
DVD/USB		60.00	New
<b>Heather Garden Memorials</b>			
Sanctum	740.00	762.00	3%
Extra letters/figures	7.00	8.00	£1.00 increase
Flower Vase holder	30.00	31.00	3%
Memorial Vase and Tablet	450.00	464.00	3%
Replacement Plaque	225.00	232.00	3%
New Octagon Planter Plaques	155.00	160.00	3%
Replacement Plaque	120.00	124.00	3%
Mushroom Plaques	300.00	309.00	3%

APPENDIX 10			
EVENT ASSET CHARGES			
DESCRIPTION	Current Charges 2021/22	Proposed Charges 2022/23	Comment 2022/23
DIGITAL BANNER CHARGES			
Digital Banner commercial peak time 1	£219.00	£219.00	Maintain current charges to encourage demand
Digital Banner commercial peak time 2	£251.00	£251.00	
Digital Banner commercial peak time 3 a & b	£97.00	£97.00	
Digital Banner commercial off peak 1 to 4	£193.00	£193.00	
Week - 7 consecutive days	£1,095.00	£1,095.00	
Block bookings of the digital banner get a 10% discount on rates.			
TOURIST INFORMATION CENTRE ROOM BOOKINGS			
	Current Charges 2021/22	Proposed Charges 2022/23	Comment 2022/23
Assembly Room Hire			
Charges per session as follows:-			
Morning Session 9:30am – 1.00pm	£74.00	£76.00	3%
Afternoon Session 1.30pm – 5.00pm	£74.00	£76.00	3%
All Day 9:30am -5.00pm	£148.00	£152.00	3%
Evening 6.30pm – 10.00pm	£74.00	£76.00	3%
Afternoon + Evening Session 1.30pm – 10.00pm	£148.00	£152.00	3%
Each additional hour	£27.00	£28.00	3%
Hourly rate	£32.00	£33.00	3%
Laptop hire	£5.00	£5.00	Maintain
N.B. The following groups and organisations get a discount of 50% for a morning or afternoon session, 30% for an			
i. Registered Charities			
ii. O.A.P. Groups			
iii. Other community groups e.g. community organisations, unemployed groups etc.			

APPENDIX 11			
WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2021/22 Charge	Proposed 2022/23 Charge	2022/23 COMMENT
Replacement 140 litre Refuse Bin (New)	£16.00 delivered	£16.00 delivered	
	£12.00 collected	£12.00 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Replacement 180 litre Refuse Bin (New)	£20.00 delivered	£20.00 delivered	
	£15.00 collected	£15.00 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Replacement 240 litre Refuse or Garden Waste Bin (New)	£40.00 delivered	£40.00 delivered	
	£30.00 collected	£30.00 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Replacement 140 litre Refuse Bin (Refurbished)	£8.00 delivered	£8.00 delivered	This is subject to availability of refurbished bins at the time of the request
	£6.00 collected	£6.00 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Replacement 180 litre Refuse Bin (Refurbished)	£10.00 delivered	£10.00 delivered	This is subject to availability of refurbished bins at the time of the request
	£7.50 collected	£7.50 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Replacement 240 litre Refuse or Garden Waste Bin (Refurbished)	£20.00 delivered	£20.00 delivered	This is subject to availability of refurbished bins at the time of the request
	£15.00 collected	£15.00 collected	25% reduction if customer is able to collect, temporarily suspended due to Covid and logistics at Bousteads Reception
Additional 2nd garden waste bin if capacity	£40.00	£40.00	Currently suspended due to current demand on the service. This is subject to assessment at time of request to ensure there is capacity in the collection round to support the additional garden waste collected. Additional garden waste bins may not be provided.
Exchange from 140 litre bin to new 240 litre bin. 140 litre bin to be returned and 'traded in'	£32.00 delivered	£32.00 delivered	140 litre bin to be returned and 'traded in' (value £8.00). Charges therefore are £8.00 less than the replacement costs for a new 240litre bin
	£24.00 collected	£24.00 collected	25% reduction if customer is able to collect
Exchange from 140 litre bin to new 180 litre bin. 140 litre bin to be returned and 'traded in'	£12.00 delivered	£12.00 delivered	140 litre bin to be returned and 'traded in' (value £8.00). Charges therefore are £8.00 less than the replacement costs for a new 180litre bin
	£9.00 collected	£9.00 collected	25% reduction if customer is able to collect
Exchange from 180 litre bin to new 240 litre bin. 180 litre bin to be returned and 'traded in'	£30.00 delivered	£30.00 delivered	180 litre bin to be returned and 'traded in' (value £10.00). Charges therefore are £10.00 less than the replacement costs for a new 240 litre bin
	£22.50 collected	£22.50 collected	25% reduction if customer is able to collect
160 litre Standard Seagull Sack	£18.00 delivered	£18.00 delivered	
	£13.50 collected	£13.50 collected	25% reduction if customer is able to collect
90 litre Seagull Sack	£9.00 delivered	£9.00 delivered	Half the price of a standard gull sack to encourage customers to choose the smaller gull sack and reduce waste, increase recycling and support the climate change strategy.
	£6.75 collected	£6.75 collected	25% reduction if customer is able to collect
Box Cover	Free	Free	No change
Recycling Bag (Green)	£2.00 delivered	£2.00 delivered	
	Free collected	Free collected	No change
Recycling Box (Green)	£2.00 delivered	£2.00 delivered	
	Free collected	Free collected	No change
Bulky Waste Collections (up to 3 items)	£25.00	£25.75	3% increase
Bulky Waste collections (4 to 6 items)	£5.00 per item	£5.20 per item	3% increase
Provision of bins to new-build properties	240 litre £40	240 litre £40	Same as pre-owned properties
	180 litre £nil	180 litre £nil	No charge to encourage take-up of smaller bins
	140 litre £nil	140 litre £nil	No charge to encourage take-up of smaller bins
Provision 1100l Euro Bins to new-build flats	TBC	TBC	Discussion to be held with developers regarding contribution towards euro bins

			<b>APPENDIX 12</b>
<b>GARAGE CHARGES</b>			
<b>TYPE OF CHARGE</b>	<b>2021/22 Charge</b>	<b>Proposed Charge 2022/23</b>	<b>2022/23 Comment</b>
MOT Testing	£45.00	£45.00	No change – to be competitive locally
MOT Testing	£40.00	£40.00	No change - Discounted rate for Carlisle City Council staff and their family members

ENFORCEMENT CHARGES			
DESCRIPTION OF CHARGE	Charge 2021/22	Proposed Charge 2022/23	COMMENTS 2022/23
<b>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES (Inclusive – VAT not applicable)</b>			
Fly Posting*	£80	£80	These charges are governed by legislation
Fly Posting – paid within one week of issue	£60	£60	These charges are governed by legislation
Fly-tipping* - first offence or small fly-tipping incident	£400	£400	
Fly-tipping - first offence or small fly-tipping incident - paid within one week of issue	£250	£250	Small incidents include 3 plus waste bags/single items (mattress/cupboard)
Fly-tipping* - repeat offence or large fly-tipping incident	£400	£400	
Graffiti*	£80	£80	These charges are governed by legislation
Graffiti – paid within one week of issue	£60	£60	These charges are governed by legislation
S46*- Waste Receptacles – (CEN)	£80	£80	These charges are governed by legislation
S46 - Waste Receptacles – (CEN)- Paid within 7 days	£60	£60	These charges are governed by legislation
Failure to Produce a Waste Transfer Note*	£300	£300	These charges are governed by legislation
Environmental Protection Act - Litter*	£150	£150	These charges are governed by legislation
Environmental Protection Act - Litter – paid within one week of issue	£100	£100	These charges are governed by legislation
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material*	£80	£80	These charges are governed by legislation
Community Protection Notices*	£100	£100	These charges are governed by legislation
Community Protection Notices** paid within one week of issue	£80	£80	These charges are governed by legislation
Public Spaces Protection Orders*	£100	£100	These charges are governed by legislation
Public Spaces Protection Orders** – paid within one week of issue	£80	£80	These charges are governed by legislation
Abandoned vehicle release	£105 plus £15 per day storage	£105 plus £15 per day storage	
Abandoned Vehicles FPN*	£200	£200	These charges are governed by legislation
Vehicle Release	£45	£45	Fees set by contractor for release of vehicles in car parks (not council income)
Section 47 Commercial waste*	£100	£100	These charges are governed by legislation
Householder Duty of Care FPN *	£200	£200	These charges are governed by legislation
Engine idling (failing to turn off engine whilst stationary)*	£20	£20	These charges are governed by legislation
*These charges are set by Central Government. Should the charges change, up or down, across the year, the charges may be adjusted accordingly and confirmed through a formal decision notice. Officer Decision Notice.			

						APPENDIX 13
STRAY DOGS (Inclusive – VAT not applicable)	Charge 2021/22 First Incident	Charge 2021/22 Repeat Incident	STRAY DOGS (Inclusive – VAT not applicable)	Proposed Charge 2022/23 First Incident	Proposed Charge 2022/23 Repeat Incident	COMMENTS 2022/23
Day 1	£100	£180	'Out of hours' collection fee	£65	Charges plus £80	The rates reflect the cost of service charged to the Council. Customers fees will be worked out on a case by case basis depending on time of collection, number of days kennelled, returned fee and miles travelled and emergency Vet fees. This may be subject to review across the year through discussion with the kennel provider and the Team Manager, through delegated responsibility. The repeat incident charge is to encourage responsible dog ownership and to deter further incidents of dogs roaming. Owners have duty of care to ensure their dog is kept safe and free from harm. The safety and welfare of the dog remains priority.
Day 2	£120	£200	Working hours collection fee	£30		
Day 3	£140	£220	Kennelling per night	£18		
Day 4	£160	£240	Return fee	£30		
Day 5	£180	£260	Travel	55p per mile		
Day 6	£200	£280	Dog returned directly home (not kennelled)	£57	£139	
Day 7	£220	£300				
Dog returned directly home (not kennelled)	£55	£135				

## 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 sets an expectation that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2022/23 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 achievement of additional income.

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

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

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

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

- The Council's historic approach to charging
- The views of local politicians, service users and taxpayers
- Other councils' and service providers approach to charging
- Levels of central government funding and policy objectives
- The Council's overall financial position



- Changes in demand for services
- Policy on Concessions
- Availability of powers to charge for discretionary services (e.g. pre-application planning advice)
- Central government policy objectives

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

- Persons over the age of 65
- Unemployed
- Young persons under the age of 18
- Students in full time higher education
- Community Groups
- Armed Forces Veterans
- 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?





# Carlisle City Council

## Report to Executive

### Report details

Meeting Date:	22 November 2021
Portfolio:	Economy, Enterprise & Housing
Key Decision:	Yes: Recorded in the Notice Ref: RD10/21
Policy and Budget Framework	Yes
Public / Private	Public
Title:	CHARGES REVIEW REPORT 2022/23 – ECONOMIC DEVELOPMENT
Report of:	CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number:	ED.39/21

### Purpose / Summary:

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

### Recommendations:

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2022, noting the impact these will have on income generation as detailed within the report.

### Tracking

Executive:	22 November 2021, 20 December 2021
Scrutiny:	BTSP: 7 December 2021 EGSP: 2 December 2021 HWSP: 25 November 2021
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.

2.2 The changes which have been reviewed are addressed separately below.

## **3. CORPORATE CHARGING POLICY 2022/23 TO 2026/27**

**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 31 August 2021 and Full Council on 14 September 2021 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 £656,000 for the financial year 2022/23, reflecting an increase of 3% on 2021/22 base budgets.

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

## **4. PLANNING SERVICES**

### **4.1 Development Control Income**

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

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

**4.3** For 2021/22, the target for income was set at £619,800 based on lower applications fee income in successive previous years. During this year to date there has been an increase in fee income above target in particular due to one large development. 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 as many applications are for smaller works such as householder extensions or prior determinations where fees are set low. Whilst application numbers have increased the above average income only reflects a small amount of major applications and recent issues affecting supply of materials and increased costs is still holding back some sites from progressing.

#### **4.4 Building Control Income**

Building Control fees, which are ring-fenced, are based on the Fees and Charges Regulation 2010. The new regulations have allowed local authorities discretion to set Building Control Fees however the principal of ensuring cost recovery and ring fencing income to the service remain. The national lockdown during the pandemic has seen a 32% decrease in income over the first 5 months of the financial year, however there are indications that income levels are recovering. Fees are now kept under regular review by the Building Control Service and are set in line with other Cumbrian authorities and the principles of the Fees and Charges Regulations 2010.

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

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

#### **4.6 Shop mobility**

The shop mobility scheme enables persons including children with any mobility difficulty to access the town centre and all its facilities. Currently there is a nominal administration charge to be a member of the shop mobility scheme which is £12 for 12 months membership and £6 for 6 months membership, the use of scooter and wheelchairs being free irrespective of usage. There are currently no proposals to increase this administration charge in 2022/23.

#### **4.7 Investment & Policy Income**

The decision was taken previously to no longer assume any income from any activities associated with the Carlisle District Local Plan. This approach will also

apply to the evolving St Cuthbert's Local Plan, Masterplan and other evidence underpinning these documents. 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, together with the St Cuthbert's Masterplan and evolving Local Plan are now, (or will be as they are published) 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.

## 5. SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is forecast to generate income of £656,000 which is summarised in the table below:

<b>Service Area</b>	<b>Original Estimate 2021/22 £</b>	<b>MTFP Target 2022/23 £</b>	<b>Original Estimate 2022/23 £</b>	<b>Shortfall or (Excess) over MTFP £</b>
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	619,800	638,400	638,400	0
Building Control: Discretionary Charges	16,100	16,500	16,500	0
<b>TOTAL</b>	<b>637,000</b>	<b>656,000</b>	<b>656,000</b>	<b>0</b>

- 5.2 The acceptance of the charges highlighted within this report, will result in an anticipated level of income of £656,000 against the MTFP target of £656,000.

## 6. Risks

- 6.1 Impact on the supply chain due to Brexit and COVID pandemic may slow down work on site and therefore the number of applications received and works completed.
- 6.2 Reduced number of skilled staff in post could impact on the ability to process applications and therefore on fee income for 2022/23.

## 7. Consultation

- 7.1 Consultation to date – none. Consultation proposed through the scrutiny of the budget process.

## **8. Conclusion and reasons for recommendations**

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1<sup>st</sup> April 2022, noting the impact these will have on income generation as detailed within the report.

## **9. Contribution to the Carlisle Plan Priorities**

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

### **Contact details:**

Contact Officer: Jane Meek

Ext: 7190

### **Appendices attached to report:**

- Appendix 1 **ECONOMIC DEVELOPMENT FEES & CHARGES**
- Appendix 2 **CORPORATE CHARGING POLICY 2022/23 TO 2026/27**

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

- None

### **Corporate Implications:**

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

Property Services –

Finance – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £656,000 against the MTFP target of £656,000.

Equality – None

Information Governance – There are no information governance implications with this report.

## APPENDIX 1 - ECONOMIC DEVELOPMENT FEES AND CHARGES

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

#### General Charges – All Sections

Fee Description	21/22 Charge £	22/23 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/2008	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/2008	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)	08/09/2008	0%
A2 Plans	£1.40 per copy	£1.45 per copy	01/04/2022	3.5%
A1 Plans	£1.85 per copy	£1.90 per copy	01/04/2022	2.7%
A0 Plans	£2.80 per copy	£2.90 per copy	01/04/2022	3.5%
Supply of documents by fax -per page (in addition To charges for supply)	£1.50 (inc VAT)	£1.55 (inc VAT)	01/04/2022	3.3%
Information to outside bodies research/survey information etc	£14.50 initial fee & £14.50 each additional hour + copying charges	£15.00 initial fee & £15.00 each additional hour + copying charges	01/04/2022	3.4%
High Hedges submission fee**	£462.00	£462.00	01/04/2022	0%

**\*\* This fee is based on the costs of processing applications and matches the fee to process a standard planning application for a new dwelling.**



## Additional Charges – Building Control

### New Properties

Numbering new streets and naming of properties	Charge 21/22 £	Charge 22/23 £	Increase %
New individual property	45.89	47.27	3
New Street	137.68 for the first 10 units and 9.27 per unit thereafter	141.81 for the first 10 units and 9.55 per unit thereafter	3
Redevelopment of existing building	45.89	47.27	3
Alteration in either street name or property re numbering of a development after initial street name and numbering has been undertaken.	137.68 for the first 10 units and 9.27 per unit thereafter	141.81 for the first 10 units and 9.55 per unit thereafter	3
Confirmation of postal address to solicitors or conveyances.	22.94	23.62	3

### Existing Properties and Changes of Use

Re numbering and renaming existing properties	Charge 21/22 £	Charge 22/23 £	Increase %
Change of existing house name	45.89	47.27	3
Adding an alias to a numbered property	45.89	47.27	3
Change of building name, flats etc	91.76 + 9.27 per unit	94.51 + 9.55 per unit	3
Request for street name change	229.15 + 45.89 per property	236.02 + 47.27 per property	3
Request for street numbering where none existed	229.15 + 45.89 per property	236.02 + 47.27 per property	3
Sub division of existing building into individual units	45.89 + 23.30 per property	47.27 + 24.00 per property	3

### Additional Building Control Discretionary Charges

Building Control/ discretionary charges	Charge 21/22 £	Charge 22/23 £	Increase %
Professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	1 hour £45.89 + VAT	1 hour £47.27 + VAT	3
A site visit together with professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	3 hours £141.81 + VAT	3 hours £146.06 + VAT	3
Demolition notice to be processed and counter notice served within 5 working days. Demolition notice carried out within statutory time period of 6 weeks	3 hours £141.81  Free	3 hours £146.06	3
Dangerous structures where formal action is being taken under section 77 and 78 of the Building Act 1984.	During normal working hours £45.89 per hour per surveyor.	During normal working hours £47.27 per hour per surveyor.	3

	Disbursements for third parties to be on a cost recovery basis.	Disbursements for third parties to be on a cost recovery basis	.
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## Shop Mobility

Fee Description	21/22 Charge £	22/23 Charge £	Increase %
Radar Keys*	3.00	3.00	0
12 months membership of shop mobility	12	12	0
6 months membership of shop mobility	6	6	0

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

## Additional Charges – Investment & Policy

Fee Description	21/22 Charge £	22/23	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%
St Cuthbert's Garden Village Masterplan	45.00	45.00	3.00	01/04/21	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 publicly 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 2022/23 TO 2026/27**

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 2022/23 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed
- Young persons under the age of 18
- Students in full time higher education
- Community Groups
- Armed Forces Veterans
- 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?

# Carlisle City Council

## Report to Executive

### Report details

Meeting Date:	22 November 2021
Portfolio:	Cross Cutting
Key Decision:	Yes: Recorded in the Notice Ref: KD.10/21
Policy and Budget Framework	YES
Public / Private	Public
Title:	CHARGES REVIEW REPORT 2022/23 - GOVERNANCE AND REGULATORY SERVICES
Report of:	Corporate Director of Governance and Regulatory Services
Report Number:	GD 55/21

### Purpose / Summary:

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

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

### Recommendations:

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2022 noting the impact these will have on income generations as detailed within the report.

### Tracking

Executive:	<b>22 November 2021, 20 December 2021</b>
Scrutiny:	<b>BTSP 07/12/21; EGSP 02/12/21; HWSP 25/11/21</b>
Council:	<b>N/A</b>

## 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 2022/23 TO 2026/27

- 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 31 August 2021 and full Council on 14 September 2021 and sets out the City Council's policy for reviewing charges. The principle 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 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 £920,300 for the financial year 2022/23 reflecting an increase of 3% on 2021/22 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their particular service or client's groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## 3. ENVIRONMENTAL HEALTH & HOUSING:

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

changes. The other charges specified reflect services carried out and have, unless specified, been given a 3% increase in line with the medium-term financial plan to recover some of the costs for providing these services.

3.2 Appendix A sets out the fees and charges associated with the Housing and Pollution Team.

Sampling charges for Private water supplies have gone above the maximum permitted for cost recovery in 2021/22 onwards because samples are now having to be taken to Wigton, whereas they were previously collected by the laboratories from the Civic Centre. It is hoped that the national framework for these prices will be reviewed.

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. The discount fee for RNLA landlords was reduced from 10% to 5% for 2021/22 as the merger of the landlord associations made the discount available for the larger membership base, not just accredited members.

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

The projected income for HMO licence fees for 2022/23 is set out below:

	<b>Number of applications</b>	<b>Income</b>
Projected number of new HMO licence applications (£618.00)	5	£3090.00
Forecast of renewals of existing HMOs (£378)	8	£3024.00
Expected income generation 2022/23		£6114.00

3.3 The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The formula for charging will remain the same, but the hourly cost is updated to reflect hourly rates across Regulatory Services. The hourly rate includes all the expenditure costs in providing the services. The standardised hourly rate for Regulatory Services in 2022/23 is £68.70.

3.4 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).

- 3.5 The Housing Grants, Construction and Regeneration Act 1996 enables preliminary or ancillary services and charges in relation to the cost of a Disabled Facilities Grant (DFG) to be considered and approved as part of DFG applications. The Housing Renewal Grants (Services and Charges) Order 1996 paragraph 2 specifies what services and charges the applicant is liable to pay. Charges for the delivery of the Housing and Pollution's mainly Mandatory DFGs are contained within Appendix A. Homelife's discretionary DFG charges are detailed in Appendix D. DFG charges are recovered from the DFG allocation and are included in the final DFG approval, they are not a cost that the applicant must find separate from the grant. Some DFG charges have reduced for 2022/23 because delivery improvements, such as greater use of online processes and having our own Trusted Assessor, have meant the processes are taking less officer time.
- 3.6 Appendix B – sets out the fees and charges associated with the Food & Public Protection Team. There are no proposed new charges for the 2022/23 period.

Export Certificates – these are fees applied for the purposes of issuing export certification for certain food and drink manufactured within the District of Carlisle and exported out of the UK. The certification provides assurances that food and drink exported from the business has been produced in accordance with UK legislative requirements, as monitored as part of our statutory food intervention/inspection programme.

Requested Food Hygiene Rating Scheme Re-rating – this is a charge imposed on food businesses to recover costs associated with requests for officers to revisit the premises for the purposes of re-assessing their food hygiene rating. This charge is recoverable by the existing powers under the Localism Act 2011.

Smoke-free penalties (premises/places/vehicles) - issued by the Authority under Part 1 of The Health Act 2006. These penalties are fixed and listed in Annex B.

- 3.7 Appendix C - sets out the proposed fees for the Council's Pest Control Service. This service is an essential part of the Council's priority of supporting the health and wellbeing of our residents and visitors. The Service provides treatments for a variety of pests, including rats, mice, wasps, fleas, ants and cockroaches. Although there is no legal obligation on the local authority to provide free rat treatments within domestic premises, we will continue to provide this free service to protect residents against the public health risks associated with rats. A reduced fee has been applied for residents over the age of 65. The service also offers commercial contracts which are priced on application to ensure recovery of treatment costs. This year commercial contracts have been asked to contact the Department for a quote as prices can vary due to both the size of premises and the types of works being requested under the contract.

There has been no material change since the decision was made not to apply a charge for domestic rat treatments, the pest control income target should therefore be revised downwards going forward as per the 2021/22 budget.



#### **4. HOMELESS, PREVENTION and ACCOMMODATION SERVICES**

##### **Proposed Homeless Accommodation Rental Charges for 2022/23:**

- 4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, Homeless Act 2002 and amended by the Homeless Reduction Act 2017, to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 56 days; and are deemed to be vulnerable under the legislation.
- 4.2 The services are based on a pathways model of assessment and provision; delivering 24-hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Prevention and Rough Sleeping Strategy 2021-26.
- 4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.
- 4.4 It is proposed to increase Homeless Accommodation rental charges by 3% as this reflects the actual costs of providing the services. This increase has been discussed and agreed as acceptable with the Revenue and Benefits Service Managers.

#### **5. LEGAL SERVICES**

##### **5.1 Local Land Searches**

- 5.1.1 There is a legal obligation to register local land charges. 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.
- 5.1.4 Until April 2020, the legal obligation to maintain the statutory Local Land Charges register rested with the Council. The Infrastructure Act 2015, however, provided for a transfer of responsibility for local land charges in England and Wales from local authorities to HM Land Registry. As regards Carlisle, this transfer of responsibility completed in April 2020 so that Carlisle City Council is no longer responsible for providing the Official Certificate of Search and can no longer charge for carrying out this work.

- 5.1.5 CON29R and CON29O are forms of standard and optional enquiries that can be made of the local authority about land. The forms consist of a series of questions which relate to matters outside the statutory register, such as the planning history of the property and whether the road is publicly or privately maintained.
- 5.1.6 These enquiries are non-statutory and responsibility remains with Carlisle City Council which will continue to charge for this service. The Council is able to add value by compiling and formatting an official report and levies a charge for this discretionary service.
- 5.1.7 A person or company may alternatively carry out a personal inspection of the land charges register. The Environmental Information Regulations 2004 ('the EIR') provide, broadly, that environmental information should be made available for inspection without charge.
- 5.1.8 The Council therefore facilitates personal inspections by allowing 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 official CON29 report, and no charge is made.
- 5.1.9 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 Authorities (England) (Charges for Property Searches) Regulations 2008 ("the 2008 Regulations") provide discretion for the Council to set its own charges to recover its costs in answering enquiries about a property.
- 5.2.2 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.*
- 5.2.3 The EIR 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") into UK law.

5.2.4 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.

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

### **5.3 VAT**

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

### **5.4 Calculation of Fees**

5.4.1 As the provision of CON29 searches is a discretionary service, the Council has a degree of discretion in the charges that it sets. The charges proposed are designed to maintain a market share of the property searches market. If the charge is set too high, customers will be drawn to the personal search companies. The charge needs to be set so that the Council retains or modestly increases its market share, thus generating income over and above cost, which will in turn enable better investment in the service. In particular, investment in web-based access to information will improve efficiency and speed and the Council is in the process of procuring a new, modern IT system. Digital information will eventually reduce the time spent providing information to personal searchers, and in the future public access will be much more automated.

5.4.2 **Appendix H** sets out the cost of providing the local land charges service in Carlisle. It should be noted that the loss of the LLC1 service has not resulted in any consequential reduction in the costs of providing the service, therefore the cost per search is higher than previously.

5.4.3 **Appendix I** sets out the number of searches carried per month since 2017. 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. Members will note that personal searches figures are not included, bearing in mind that no charge is levied, however, as indicated earlier, personal searches continue to be carried out.

5.4.4 Anticipated demand is based on current performance, which is set out in **Appendix J**, which indicates the number of searches carried out. Again, this does not include personal searches figures.

5.4.5 The fee for the Standard Enquiries (CON29R) is presently £90.00 for domestic properties. The fee for Standard Enquiries for commercial properties is currently £110.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

## 5.5 Proposed Fees

5.5.1 It is recommended that the Council sets its fees for 2022/23 having regard to the cost of operating the service, to the Corporate Charging Policy and also with a view to maintaining competitiveness. Search volumes and differentials between local authorities and private search providers will continue to be carefully monitored.

5.5.2 The proposed fees for 2022/23, therefore, are (including the 10% discount for those searches submitted online):

	<b>Con 29R</b>
<b>Domestic Properties</b>	£93.00 (Standard Enquiry for one parcel of land) £83.70 (NLIS 10% on-line discount) £11.50 (Each extra parcel of land)
<b>Commercial Properties</b>	£114.00 (Standard Enquiry for one parcel of land) £102.60 (NLIS 10% on-line discount) £23.00 (Each extra parcel of land)

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

<b>Authority</b>	<b>Fee for CON29R (incl. VAT) £</b>
Allerdale	96.00
Barrow	
- Domestic properties	90.73
- Commercial properties	154.71
Copeland	86.00
Eden	90.00
South Lakeland	85.00

5.5.4 Budgeted income from the Land Charges service for 2021/22 was £97,900. Actual income is forecast to be approximately £110,000. There are three factors which have

impacted on income this year and which may be relevant going into 2022/23. Firstly, the housing market, on which the service is dependent, was buoyant from August 2020 until April 2021 because of the Stamp Duty holiday. Stamp Duty was reduced from April until November 2021, which meant that the housing market, while less busy, remained active. The impact of the Stamp Duty reduction scheme is as yet unclear. The market may remain buoyant, which will in turn mean that the number of searches remains high, or it may settle, in which case the number of searches requested will fall. Secondly, as explained in 5.1.3 above, recent changes in legislation have meant that responsibility for that part of the local search known as LLC1 transferred from local authorities to HM Land Registry and, with it, the associated income, although considerable work remains in putting new registrations to the LR Portal. Thirdly, as previously referenced within this report, an increasing number of customers choose to use personal search companies, against whom no charge is levied, to carry out their searches. Such companies are able to charge customers less than the Council. Over recent years the Council has applied lower CON29 charges for domestic properties, partly to reflect the lesser amount of work compared to commercial properties, but partly also to increase our competitiveness vis a vis personal search companies. The search companies remain the cheaper option.

- 5.5.5 Achieving the Corporate Charging Policy increase of 3% together with the estimated search numbers in the Medium-Term Financial Plan, therefore, would result in a target income for 2022/23 of £100,800. It must be realised, however, that in 2022/23 the Council will no longer be in receipt of any LLC1 income, post transfer to HM Land Registry.
- 5.5.6 The actual amount of net income will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries.
- 5.5.7 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at **Appendix K**.
- 5.5.8 The proposed charges are set out at **Appendix G**.

## **5.6 Electoral Registers**

- 5.6.1 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.

5.6.2 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.

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

5.7.1 The charge for hire of a room in the Civic Centre is currently £120.00 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £124.00 is recommended from 1 April 2022. The number of room bookings has fallen over recent years because (i) the County Council, which used to regularly book rooms, now have facilities of their own, (ii) other regular users no longer book rooms because an entitlement to meeting rooms is now incorporated in their tenancy agreements and (iii) the Civic Centre has been closed since March 2020 and only reopened in October 2021. Therefore, while there is no longer a regular stream of bookings the Council does receive a guaranteed rental income instead.

5.7.2 The new ground floor rooms on the Civic Centre are not yet open for booking, but it is anticipated that the desirability of these facilities will increase demand.

5.7.3 The charge levied for the sale of Council Minute Books is £22.30 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy, so there is an argument for removing this element from the charges altogether. However, in order to retain the ability to make a charge in the unlikely event of receiving a request for a paper copy, it is recommended that the charge is held at the current level of £22.30. The annual income from the sale of Council Minutes is **nil**.

5.7.4 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. 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.

5.7.5 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.

5.7.6 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2<sup>nd</sup> class mail at the prevailing rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2022/23.

## **5.8 Training**

5.8.1 The charge for training sessions provided by the Council's Safety Health and Environment Manager is currently £440.00 plus VAT for one three-hour session (per group of 12) plus expenses if outside Carlisle District.

5.8.2 The charge for providing training in Data Protection is currently £440 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

5.8.3 To date, no chargeable training sessions have been provided. It is proposed to increase the charge for each type of training session to £450 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

## **5.9 Low-Cost Housing Fees**

5.9.1 When a developer provides affordable housing for sale as part of a residential development, the s106 Agreement will make provision for resale of the affordable units. As part of the resale provisions the Council provides a certificate that the affordable housing provisions have been complied with, and this is necessary to facilitate the sale.

5.9.2 The charge is set at a level which achieves cost recovery with no 'profit element'.

5.9.3 It is proposed to increase the charge by slightly over 3% from £60.00 to £62.00.

## **5.10 Proof of Life – new charge**

5.10.1 Historically, the Council's legal officers have provided a service to residents in receipt of foreign occupational pensions who need to prove that they are alive in order to

continue receiving the pension(s). Officers will attend the resident, review their identification documents, complete the necessary form, apply the Council seal and provide copies of the documents to the resident.

5.10.2 Residents are able to approach other professionals, including private solicitors and doctors, for this service, however, those professionals would charge a fee. Until now, the Council has not charged for the service.

5.10.3 It is proposed to introduce a nominal charge of £25.00 to cover the cost to the Council of providing the service.

## 5.11 Summary of Income Generated

5.11.1 The introduction of the charges proposed is forecast to generate income of £802,800 in 2022/23 which is summarised in the following table:

<b>Governance Service Area</b>	<b>Original Estimate 2021/22 £</b>	<b>MTFP Target 2022/23 £</b>	<b>Original Estimate 2022/23 £</b>	<b>Shortfall or (Excess) over MTFP £</b>
Land Charges (para 5.1 to 5.5)	97,900	100,800	100,800	0
Electoral Registers (para 5.6)	1,600	1,700	1,200	500
Minute Books/ Access to Information (para 5.7)	0	0	0	0
Training (para 5.8)	0	0	0	0
Environmental Protection Act	12,600	12,600	12,600	0
Pest Control	41,500	42,700	30,700	12,000
Food Safety	3,300	3,400	3,400	0
Housing – DFG's	62,500	72,500	72,500	0
Housing – HMO Licences	8,500	8,800	6,100	2,700



Housing – Immigration Inspections	600	600	600	0
Mobile Homes	2,400	2,500	2,500	0
Homelife Fees	34,500	54,500	54,500	0
Hostels	620,200	620,200	517,900	102,300
<b>Total</b>	<b>885,600</b>	<b>920,300</b>	<b>802,800</b>	<b>117,500</b>

## 6. CONSULTATION

### 6.1 Consultation to Date

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

### 6.2 Conclusions and Reasons for Recommendations

The Executive is asked to agree the charges as detailed within the report and set out in **Appendices A - L** with effect from 1 April 2022 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 details:

Contact Officer: **Mark Lambert**

Ext: **7003**

#### Appendices attached to report:

**Appendix A – Housing and Pollution Charges**

**Appendix B – Food Safety Charges**

**Appendix C – Pest Control Charges**

**Appendix D – Homelife Charges**

**Appendix E – LA Pollution Prevention Control Charges**

**Appendix F - Homeless Accommodation Charges**

**Appendix G – Governance Charges**

**Appendix H – Land Charges Costs**

**Appendix I – Land Charges Data**

**Appendix J – Anticipated Demand based on Current Performance**

**Appendix K – Land Charges Budget History**

**Appendix L – Corporate Charging Policy**

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

- None

**Corporate Implications:**

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

**Property Services** - No Property implications

**Finance** - The acceptance of the charges highlighted in this report will result in an anticipated level of income of £802,800 against the MTFP target of £920,300. This represents an overall shortfall of £117,500. The projected shortfall of £102,300 in respect of Homeless Accommodation Income and £12,000 in respect of Pest Control Income are being put forward as budget pressures for consideration as part of the 2022/23 budget process. The projected shortfalls for Electoral Registers (£500) and HMO Licenses (£2,700) will need to be found from within existing base budgets.

**Equality** – None

**Information Governance** - The Council must ensure officers are fully informed of the charging regimes applicable to the information they process, for example, under the Freedom of Information Act and the Environmental Information Regulations, to ensure charges are applied in accordance with the correct regime.

**APPENDIX A**  
**Housing and Pollution Charges**

<b><u>HOUSING AND POLLUTION</u></b> <b><u>(Inclusive – VAT not applicable)</u></b>	<b><u>2021/</u></b> <b><u>2022</u></b>	<b><u>2022/</u></b> <b><u>2023</u></b>	<b>COMMENT</b>
Community Protection Notices**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Community Protection Notices** paid within 7 days of issue	£80.00	£80.00	Council wide Powers. Set by Legislation.
<b><u>PRIVATE WATER+ (Inclusive – VAT not applicable)</u></b>			
<b>ANALYSIS CHARGES</b>			
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
<b>SAMPLING CHARGES</b>			
Sampling (each visit)	£100.00	£100.00	Maximum is £100, actual cost to Council is £129.68
Risk Assessment (Domestic)	£194.52	£194.52	Maximum is £500
Risk Assessment (Commercial)	£324.20	£324.20	Maximum is £500
Other investigations (each investigation)	£67.40	£68.70	Maximum amount is £100 for each investigation. Based on hourly rate
Review of Risk Assessment	£162.10	£162.10	Maximum amount £500
Granting an authorisation (each authorisation)	£67.40	£68.70	Maximum is £100 for each authorisation - based on hourly rate
<b><u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u></b>			
Contaminated Land Information Request - per hour	£67.40	£68.70	Increase using consistent rates across Regulatory Services
<b><u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u></b>			
Works in default administration costs recovery	£19.00	£19.00	
Copying documents	14p per A4 sheet	14p per A4 sheet	

<b><u>MOBILE HOMES ACT 2013<sup>+</sup> (Inclusive – VAT not applicable)</u></b>			<b>These charges are calculated with a formula and has been adjusted by the 2022/23 hourly rate.</b>
<b>Licence Fee- example of typical charge for up to 5 pitches</b>	£370.00	£378.00	
<b>Licence Fee- amendment, expansion</b>	£236.00	£240.00	
<b>Licence Fee - Transfer</b>	£286.00	£292.00	
<b>Inspection Fee- example of typical charge for up to 5 pitches</b>	£152.00	£153.00	
<b>Council hosting of site rules</b>	£65.00	£65.00	
<b>Fit and Proper Person application</b>	£337.00	£343.50	
<b>HOUSING ACT 2004, HMO LICENCE FEES</b>			
<b>Cost of new HMO Licence (per 8 letting units)</b>	£590.00	£618.00	
<b>Cost of renewal of HMO Licence (per 8 letting units)</b>	£371.00	£378.00	
<b>Cost of every additional unit above 8</b>	£17.00	£17.00	
<b>Maximum licence fee</b>	£1000.00	£1000.00	
<b>Discount on HMO fee for Landlords with professional membership of a landlord organisation (NRLA)</b>	5% discount	5% discount	.
<b>Cost of additional correspondence</b>	£32.00	£34.00	
<b>IMMIGRATION INSPECTIONS</b>			
<b>Fast Track Application</b>	£168.00	£168.00	Fee to remain the same, as reasonable costs incurred
<b>Standard application</b>	£150.00	£150.00	Fixed fee.

<b>ENFORCEMENT TIME, HOUSING ACT 2004</b>			
<b>Charged at Officer hour</b>	£67.40	£68.70	Consistent rate across Regulatory Services
<b>Empty Property Owner VAT support letter</b>	£16.00	£16.00	
<b>DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES</b>			<b>Prices are inclusive of VAT.</b>
<b>Level Access Shower</b>	£908.00	£905.00	Reduction in Officer time due to streamlining of services.
<b>Shower toilets</b>	£787.00	£740.00	Reduction in time due to streamlining of services.
<b>Ramps</b>	£907.00	£905.00	Reduction in time due to streamlining of services.
<b>Stair lifts</b>	£787.00	£740.00	Reduction in time due to streamlining of services
<b>Door Widening</b>	£908.00	£905.00	Reduction in time due to streamlining services.
<b>Major Adaptations</b>	£1655.00	£1686.00	Process remains the same
<b>Smaller Adaptations and non-framework adaptations</b>	£889.00	£895.00	Process remains the same
<b>Renovation Grant Costs</b>	£585.00	£618.00	Increased officer time.
<b>Flat rate fee for additional lots, for DFG and renovation Grants</b>	£370.00	£392.00	Process remains the same
<b>Fee Charged for abortive works, after approval</b>	£485.00	£515.00	To recover fees where applications discontinued after Contractor/ Architect designs commissioned
<b>Fee Charged for basic support</b>	£503.00	£495.00	Checking and authorisation fee where applicant progresses own architects etc, but still requires guidance or significant input
<b>Hourly charge for home visits</b>	£67.40	£68.70	Increase using consistent rates across Regulatory Services

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

<b>FOOD &amp; PUBLIC PROTECTION</b>	<b><u>2021 / 2022</u></b>	<b><u>2022 / 2023</u></b>	<b>COMMENT (VAT is not included and is charged at standard rate unless stated)</b>
<b>Certification of unsaleable food</b>	£37.50 (£45.00 inc. VAT)	£38.58 (£46.30 inc. VAT)	
<b>Food Hygiene Training</b>	£226.00	£232.80	3 Hour Training Session (up to max of 12 people)
<b>Export Certificate</b>	£28.00	£29.00	
<b>FHRS Requested Re-rating Fee</b>	£210.00	£216.30	
<b>Cost of Officer time where applicable (per hour) – including Statements of Fact</b>	£67.40	£68.70	Consistent Regulatory Services Hourly Rate
<b>Health Act 2006: - Smoking in Smoke free place or vehicle</b>	£50.00	£50.00*	*Reduced to £30.00 if paid within 15 days of fixed penalty being issued
<b>Health Act 2006: - Failure to display smoke free' signage</b>	£200.00	£200.00*	*Reduced to £150.00 if paid within 15 days of fixed penalty being issued
<b>Note: Health Act 2006</b>	Magistrate's Court can impose: Level 1 fine (not exceeding £200) for smoking in smoke free place or vehicle Level 3 fine (not exceeding £1000) for failing to display smoke free' signage Level 4 fine (not exceeding £2,500) for parties failing to prevent smoking in a smoke free place/vehicle		

## APPENDIX C

### Pest Control Charges

<b><u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) - <u>Example of typical charges</u></b>	<b><u>2021 / 2022</u></b>	<b><u>2022 / 2023</u></b>	<b><u>Comment</u></b> Based on 3% increase
<b>Standard Commercial Contract Service (Duration 12 months)</b>	Price on application	Price on application	Price on application to ensure recovery of treatment costs
<b>Standard Farm Contract Service (Duration 12 months)</b>	Price on application	Price on application	Price on application to ensure recovery of treatment costs
<b>Wasps (Domestic)</b>	£46.67 (£56.00 inc. VAT)	£48.08 (£57.70 inc. VAT)	
<b>Wasps (Commercial)</b>	£93.33 (£112.00 inc. VAT)	£96.17 (£115.40 inc. VAT)	
<b>Over 65 Wasp Treatment (Dom)</b>	£30.00 (£36.00 inc. VAT)	£30.92 (£37.10 inc. VAT)	
<b>Ants / Standard Fleas / Cockroaches (Domestic)</b>	£46.67 (£56.00 inc. VAT)	£48.08 (£57.70 inc. VAT)	
<b>Ants / Standard Fleas / Cockroaches (Commercial)</b>	£93.33 (£112.00 inc. VAT)	£96.17 (£115.40 inc. VAT)	
<b>Over 65 Ants / Standard Fleas / Cockroaches (Domestic)</b>	£30.00 (£36.00 inc. VAT)	£30.92 (£37.10 inc. VAT)	
<b>Rats (Domestic)</b>	Free	Free	
<b>Rats and Mice (Commercial)</b>	£93.33 (£112.00 inc. VAT)	£96.17 (£115.40 inc. VAT)	
<b>Mice (Domestic)</b>	£46.67 (£56.00 inc. VAT)	£48.08 (£57.70 inc. VAT)	
<b>Over 65: Mice (Domestic)</b>	£30.00 (£36.00 inc. VAT)	£30.92 (£37.10 inc. VAT)	
<b>Call Out Charge</b>	£30.00 (£36.00 inc. VAT)	£30.92 (£37.10 inc. VAT)	Required where advice but no treatment given. Partial recovery of officer time and travel costs.

**APPENDIX D**  
**Homelife Charges**

<b><u>HOMELIFE CHARGES</u></b>	<b><u>2021/22</u></b>	<b><u>2022/23</u></b>	<b><u>Comment</u></b>
<b>Examples of typical charges</b>			<b>Amendments have been made to ensure consistency, prices are now shown <u>inclusive of VAT</u>.</b>
<b>General Agency Fee</b>	15%	15%	Used for managed repair service Applicable unless funder specifies alternative acceptable rate
<b>Discretionary Housing grants under £500</b>	£90.00	£90.00	15% of £500 (£75+VAT)
<b>To administer Handy Person grants</b>	£90.00	£90.00 per case	Plus, hourly wage rate of handyperson
<b>Supply &amp; fit Key-safes</b>	£90.00	£90.00	
<b>Discretionary Housing Grants administered by Homelife</b>			Safe & Warm, Dementia & Energy Efficiency Grants (Energy Efficiency charged at reduced rate VAT as per VAT notice 708/6)
<b>Administration Fee</b>	£627.00	£627.00	No change
<b>Additional quotes from contractors for works within the same grant</b>	£364.00	£371.00	Administration costs requiring liaison with multiple contractors.
<b>ADDITIONAL CHARGES</b>			
<b>Home visits</b>	£81.00	£82.44	
<b>Obtaining charity funding</b>	£162.00	£164.88	
<b>Applications Assistance</b>	£81.00	£82.44	
<b>Homelife Hourly Rate</b>	£81.00	£82.44	



## APPENDIX E

**LA Pollution Prevention Control (Part B) Charges for 2020/21 - Charges for 2022/23 should be available in February 2022 although these nationally set charges have remained the same for the last three years.**

TYPE OF CHARGE	TYPE OF PROCESS	2021/22 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 2021/22 (Not using simplified permits)**

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

**LA-IPPC (Part A2) charges for 2021/22**

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 2021/22
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 2022/23 Charges – Homeless Accommodation Charges

PROJECT	Proposed Charge from 04 April 2022	Current charge
<b>WATER STREET FAMILY RATE</b>	£	£
<b>Total Charge</b>	<b>£362.74</b>	£352.10
HB eligible Charge	£340.48	
Personal Charge	£22.26	
<b>WATER STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£311.15</b>	£302.05
HB eligible Charge	£292.88	
Personal Charge	£18.27	
<b>JOHN STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£356.23</b>	
HB eligible Charge	£340.41	£345.80
Personal Charge	£15.82	
<b>HOMESHARE FAMILY RATE</b>		
<b>Total Charge</b>	<b>£395.01</b>	
HB eligible Charge	£372.12	£383.46
Personal Charge	£22.89	
<b>HOMESHARES SINGLE RATE</b>		
<b>Total Charge</b>	<b>£362.04</b>	
HB eligible Charge	£345.31	£351.47
Personal Charge	£16.73	
<b>HOMESHARES SHARED RATE</b>		
<b>Total Charge</b>	<b>£350.21</b>	
HB eligible Charge	£335.23	£339.82
Personal Charge	£14.98	

**APPENDIX G**  
**Governance Charges**

**GOVERNANCE**

	<u>Actual</u> <u>Charges</u> <u>2021/22</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2022/23</u> <u>£</u>
<b>1. Land Charges – Search Fees (VAT Outside the Scope/ Non-Business)</b>		
<u>Part I – Standard Enquiries</u>		
Domestic Properties		
a) One parcel of land	90.00	93.00
One parcel of land (Level 2/3) (10% discount)	81.00	83.70
b) Several parcels of land		
- First parcel	90.00	93.00
- Each addition	11.00	11.50
(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	110.00	114.00
One parcel of land (Level 2/3) (10% discount)	99.00	102.60
b) Several parcels of land		
- First parcel	110.00	114.00
- Each addition	22.00	23.00
(Fees that would exceed £100 to be fixed by arrangement)		
(10% discount to apply to searches submitted on-line via NLIS)		
<u>Part II – Optional Enquiries*</u>		
Each printed enquiry – Urban	11.00	11.50
Each printed enquiry – Rural	11.00	11.50
Question 22 on form CON290	22.00	23.00
Question 4 on form CON290	4.50	5.00
Each additional enquiry	11.00	11.50

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

2. **Council Minutes (VAT Standard Rate)**

Per Booklet	25.00	25.00
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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	4.00	4.00
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)	440.00	450.00
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	120.00	124.00
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7. **Low Cost Housing Certificates**

60.00	62.00
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8. **Proof of Life Certificates**

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**APPENDIX H**  
**Land Charges Costs**

	<b>Actual 2019/20</b>	<b>Budget 2019/20</b>	<b>Actual 2020/21</b>	<b>Budget 2020/21</b>	<b>Budget 2021/22</b>	<b>MTFP Budget 2022/23</b>
Employee						
Related	24,418	28,300	13,117	27,200	27,300	27,300
Premises						
Related	297	300	326	300	500	500
Transport						
Related	0	0	0	0	0	0
Supplies &						
Services	26,788	37,700	24,550	35,200	25,700	25,700
Recharges	42,100	42,100	24,200	24,200	27,000	27,000
<b>Total</b>						
<b>Expenditure</b>	<b>93,603</b>	<b>108,400</b>	<b>62,193</b>	<b>86,900</b>	<b>80,500</b>	<b>80,500</b>
Income	(101,964)	(121,500)	(85,654)	(95,100)	(97,900)	(100,800)
<b>Total Income</b>	<b>(101,964)</b>	<b>(121,500)</b>	<b>(85,654)</b>	<b>(95,100)</b>	<b>(97,900)</b>	<b>(100,800)</b>
<b>Net Position</b>	<b>(8,361)</b>	<b>(13,100)</b>	<b>(23,461)</b>	<b>(8,200)</b>	<b>(17,400)</b>	<b>(20,300)</b>

**\*2022/23 MTFP budget for recharges is based on the 2021/22 recharge level**

## APPENDIX I

### Land Charges Data

	2017/18			2018/19			2019/20			2020/21			2021/22 <sup>1</sup>		
Month	Standard Search	LLC1 only	Personal Search	Standard Search	Standard Search	Personal Search	Standard Search	LLC1 only	Personal Search	Con29 Search	LLC1 only	Personal Search	Con29 Search	LLC1 only	Personal Search
April	77	3	0 <sup>2</sup>	64	80	0 <sup>2</sup>	60	13	0 <sup>2</sup>	14 standard searches 24 con29 only	17		61		123
May	98	5	0 <sup>2</sup>	109	132	0 <sup>2</sup>	51	7	0 <sup>2</sup>	23	0 <sup>3</sup>		95		131
June	116	19	0 <sup>2</sup>	100	115	0 <sup>2</sup>	95	17	0 <sup>2</sup>	38	0 <sup>3</sup>		113		134
July	71	13	0 <sup>2</sup>	78	102	0 <sup>2</sup>	77	28	0 <sup>2</sup>	97	0 <sup>3</sup>		107		128
August	89	14	0 <sup>2</sup>	98	97	0 <sup>2</sup>	68	52	0 <sup>2</sup>	99	0 <sup>3</sup>		76		112
September	86	7	0 <sup>2</sup>	91	102	0 <sup>2</sup>	58	8		81			96		137
October	105	15	0 <sup>2</sup>	81	143	0 <sup>2</sup>	80	28		113		176			
November	81	5	0 <sup>2</sup>	97	114	0 <sup>2</sup>	72	18		81		180			
December	49	10	0 <sup>2</sup>	100	83	0 <sup>2</sup>	43	10		76		125			
January	61	3	0 <sup>2</sup>	218*	54	0 <sup>2</sup>	64	20		109		149			
February	98	7	0 <sup>2</sup>	232*	92	0 <sup>2</sup>	62	10		90		101			
March	75	4	0 <sup>2</sup>	66	76	0 <sup>2</sup>	70	16		69		128			
<b>Total</b>	<b>1006</b>	<b>105</b>	<b>0<sup>2</sup></b>	<b>1334</b>	<b>1190</b>	<b>0<sup>2</sup></b>	<b>740</b>	<b>214</b>	<b>0<sup>2</sup></b>	<b>914</b>	<b>0</b>	<b>859</b>	<b>487</b>	<b>0</b>	<b>642</b>

<sup>1</sup> FIGURES SHOWN ARE UP TO SEPTEMBER 2020

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

<sup>3</sup> SINCE APRIL 2020, LLC1 SEARCHES ARE PROVIDED BY HM LAND REGISTRY

\*anomaly c.125% spike in number of searches processed in these months due to refinancing of significant percentage of local RSLs housing stock



## APPENDIX J

### Anticipated Demand Based on Current Performance

Type of Search	Amount
Standard (Con 29)	914 (around 28% electronic)
<b>Total</b>	<b>914</b>

## APPENDIX K

### Land Charges Budget History

Period	Net Income	Original Budget
2017/18	£111,042	£144,200
2018/19*	£142,753	£118,000
2019/20	£101,964	£121,500
2020/21**	£85.655	£95,100
2021/22	£119,000 est. (£59,616 to date)	£97,900 (£48,970 to date)

\* The base budget for 2018/19 was reduced by a recurring budget pressure of £30,500 as part of the 2018/19 budget process

\*\* The base budget for 2020/21 was reduced by a recurring budget pressure of £30,000 as part of the 2020/21 budget process

## **APPENDIX L**

### **Corporate Charging Policy 2022/23 TO 2026/27**

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 sets an expectation that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2022/23 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 achievement of additional income.

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed
- Young persons under the age of 18
- Students in full time higher education
- Community Groups
- Armed Forces Veterans
- 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

Meeting Date: 22<sup>nd</sup> November 2021  
 Portfolio: Finance, Governance and Resources  
 Key Decision: No  
 Within Policy and Budget Framework NO  
 Public / Private Public

Title: REVIEW OF CHARGES 2021/22 – LICENSING  
 Report of: Director of Governance  
 Report Number: GD.82/21

## 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 67/21

## Recommendations:

The Executive are asked to note the charges that were considered by the Regulatory Panel on 27<sup>th</sup> October 2021 with the exception of charges under the Scrap Metal Dealers Act 2013. The Executive are asked to approve the charges detailed at Appendix A under the Scrap Metal Dealers Act 2013 with effect from 1<sup>st</sup> April 2022.

## Tracking

Executive:	<b>22<sup>nd</sup> November &amp; 20<sup>th</sup> December 2021</b>
Scrutiny:	<b>Health &amp; Wellbeing O&amp;S Panel – 25<sup>th</sup> November 2021</b> <b>Economic Growth O&amp;S Panel – 2<sup>nd</sup> December 2021</b> <b>Business &amp; Transformation O&amp;S Panel – 7<sup>th</sup> December 2021</b>
Council:	<b>N/A</b>

# Report to Regulatory Panel

Meeting Date: 27<sup>th</sup> October 2021

Portfolio: Finance, Governance and Resources

Key Decision: Not Applicable:

Within Policy and Budget Framework YES

Public / Private Public

Title: Review of Charges 2022/23 – Licensing

Report of: Director of Governance & Regulatory Services

Report Number: GD 67/21

## Purpose / Summary:

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

## Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1<sup>st</sup> April 2022 and to recommend to the Executive to agree the charges for the Scrap Metal Act Fees for 2022/23.

## Tracking

Executive:	<b>22<sup>nd</sup> November &amp; 20<sup>th</sup> December 2021</b>
Scrutiny:	<b>Health &amp; Wellbeing O&amp;S Panel – 25<sup>th</sup> November 2021</b> <b>Economic Growth O&amp;S Panel – 2<sup>nd</sup> December 2021</b> <b>Business &amp; Transformation O&amp;S Panel – 7<sup>th</sup> December 2021</b>
Council:	<b>N/A</b>

## **1. BACKGROUND**

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

## **2. CORPORATE CHARGING POLICY 2022**

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

### **3 LICENCES**

- 3.1 Licensing income covers an extremely wide range of functions for which the Council is the licensing authority and the number of applications for various licences fluctuates each year. The current principal functions relate to the issue of licences for Premises and Personal (Licensing Act 2003), Hackney Carriages/Private Hire (Vehicles, Drivers and Operators), Gambling Premises and Machine Permits (Gambling Act 2005), Street Trading, Auctioneers and Sex Establishments.
- 3.2 The licensing of activities involving animals is administered and enforced by Food and Public Protection Section of Environmental Health. The fees and charges associated with these licences are brought to Regulatory Panel for determination and approval. The licences issued under the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018, include:
- Selling animals as pets
  - Animal boarding (including Kennels/Catteries/Dog Day Care/Home Boarding for dogs)
  - Breeding of dogs
  - Hiring Out Horses (including Riding Establishments)
  - Keeping or training animals for exhibition
- The Food and Public Protection Team are also responsible for the licensing Dangerous Wild Animals (Dangerous Wild Animals Act 1976) and Zoos (Zoo Licensing Act 1981).
- 3.3 The registration of persons or businesses engaged in the business or practice of Cosmetic Piercing, Tattooing, Electrolysis, Semi-Permanent Skin Colouring and Acupuncture, are administered and enforced by the Food and Public Protection Section of Environmental Health.
- 3.4 With regard to the Gambling Act 2005 local authorities assumed responsibility for licensing gambling premises and gaming machines during 2007, whilst the Gambling Commission licensed operators and personal licence holders. The fee banding was set nationally, and licensing authorities were given the flexibility to set their fees within these bands, dependent upon local circumstances. On 4<sup>th</sup> April 2007 the Licensing Committee (through delegated authority) determined the fees in accordance with the regulations which are included in Appendix B. Fees under the Act for Lottery registration are fixed by Central Government.
- 3.5 The remaining licences administered by the Authority have locally set charges. A full review of the charging was undertaken for the charges for 2018/19 using a new formula on a cost per hour charge and a fee structure was agreed. This has formed a fair charging structure and it is proposed that the charges which are set by the Council are increased for 2022/23 by 3% in line with the MTFP. This will not



compromise the Council's position as a fair charging authority and should achieve full cost recovery for the administration process.

## **4 LICENCING ACT 2003**

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

- 4.1 The total number of premises and club certificates currently licensed is 500. This will always fluctuate each year and applications for variations will continue. There was an impact in the 20/21 budget which continued into 2021/22 budget due to a reduction in applications and events due to Covid-19. However it is expected that this will not continue in 2022/23 and numbers will revert to pre 2020/21 levels.
- 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 £95,000 in 2022/23 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 2016 Personal Licences issued to date and a licence is issued for an indefinite period.
- 4.5 The Authority receives requests for amendments to licences and these are charged at £10.50.
- 4.6 There was a significant decrease in personal licence applications during the period 1<sup>st</sup> April – 1<sup>st</sup> September 2020 (10) compared to the same period in 2019 (42). For the same period in this current year the numbers of applications have risen to 25. It is expected that in 2022/2023 the numbers will revert to 2019/20 levels and an income of £3,500 is projected.

## **5 VEHICLE & DRIVERS LICENCES**

### **HACKNEY CARRIAGE VEHICLES**

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

### **HACKNEY CARRIAGE DRIVER LICENCES**

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

- 5.3 Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced Private Hire drivers who apply for a Hackney Carriage Drivers Licence are charged at a renewal rate.
- 5.4 Should Members resolve that an Unmet Demand Survey is commissioned as detailed in report GD 74/21 then £20 should be added to the proposed cost of the licence so that the cost of the survey is recouped via licence fees.

### **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 licence reflects work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.
- 5.7 Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced Hackney Carriage Drivers who apply for a Private Hire Drivers Licence are charged at a renewal rate.

### **New costs for Licensed Drivers**

- 5.8 In order to ensure that the Council have a driver's complete driving history, thus enabling a fully informed decision to be made in respect of an application, the Council upon new application and annually thereafter will undertake a check on licensed drivers DVLA Licence.
- 5.9 Currently this is undertaken by staff using Gov.uk. However, this is very time consuming if the driver does not provide a code and some licences cannot be accessed. Therefore, this is to be carried out in future by an external company and applicants are required to complete a mandate authorising access to their DVLA driving licence record. The checks will then be automatically undertaken on an annual basis or at any time the Council wishes to check the status of a licence. The cost of the service will be incorporated into the licence fee.

### **National Register of refusals and revocations (NR3)**

- 5.10 The Council will subscribe to the National Register of Hackney Carriage and PHV Driver licence refusals and revocations, or NR3 as it is more commonly known. The Council will search the national database in all cases where an application is made for a new hackney carriage or private hire driver licence and when an application is made for these licenses.
- 5.11 The Council will also place drivers who have been refused a licence or have had their licence revoked on the database.

5.12 The charges for the Driver licences for both Hackney Carriage and Private Hire have increased due to the inclusion of the costs of subscribing to the NR3 database and the cost of DVLA driver licence checks via GBG as detailed above. Licensed drivers not renewing in 2022/23 will be required to pay the costs of the NR3 and Driving Licence Checks for the years remaining on their current licence.

5.13 The fees for drivers, vehicles and operators, which aim to generate income of £80,000 for Hackney Carriage and £30,400 for Private Hire in 2022/23, are set out in Appendix A.

## **6 SEX ESTABLISHMENTS**

6.1 The City Council has issued two sex establishment licences. It is proposed that the fee is set to £2,250 for a new application and £2,060 for a renewal application. It is estimated that the income received is £4,120 in 2022/23.

## **7 AUCTIONEERS**

7.1 We only have one premise which requires licensed auctioneers. Currently we have 17 licensed Auctioneers. The estimated income in 2021/22 is £700.

## **8 PLEASURE BOATS & BOATMEN**

8.1 The number of pleasure boats and boatmen has remained static in recent years and the income target is set at £500 for 2022/23.

## **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 and the income is appropriated accordingly.

9.2 The Executive set the fee for Scrap Metal Licensing and a recommendation is made to the Executive to agree the fees detailed at Appendix A.

9.3 The current renewals expect to generate income of £3,000 in 2022/23, as set out in Appendix A.

## **10 STREET TRADING**

10.1 The Council issues Street Trading Consents on an annual and occasional basis. The number of consents issued decreased between 2017 and 2020. However there has been an increase during the past 12 months and the number of annual consents issued has risen from 15 to 22.

10.2 The number of Occasional Street Trading Consents issued has remained low at 1 but there is expected to be a rise in the number during 2022/23 as the number of events taking place which would require an OST are slowly increasing.

10.3 Based upon the current numbers of consents it is estimated that this will generate an estimated annual income of £4,500 in 2022/23.

## **11 ANIMAL WELFARE LICENSING**

### **ANIMAL WELFARE (LICENSING OF ACTIVITIES INVOLVING ANIMALS)**

- 11.1 The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 requires licences for the following animal activities:

- Selling animals as pets
- Animal boarding (including Kennels/Catteries/Dog Day Care/Home Boarding for dogs)
- Breeding of dogs
- Hiring Out Horses (including Riding Establishments)
- Keeping or training animals for exhibition

Fees have been increased by 3% in line with the Corporate Charging Policy. Based on the proposed fees and charges, an estimated income of £8,000 will be generated in 2022/23 for animal activity related licences.

### **DANGEROUS WILD ANIMALS**

- 11.2 In line with the Corporate Charging Policy, the fee for an individual to hold a Dangerous Wild Animal Licence has been increased by 3%. The licence will be issued for 2 years and a compliance visit will be made in the second year. The cost of the compliance visit is incorporated into the grant of licence fee. The full fee structure is detailed in Appendix B. We currently have no licences issue under the Dangerous Wild Animals Act 1976.

### **ZOO LICENSING**

- 11.3 In line with the Corporate Charging Policy, the fees associated with an individual/organisation applying for a Zoo Licence has been increased by 3%. On application for a new zoo licence, the law indicates that a licence will be issued for a 4-year period in the first instance. The applicant is then required to apply for their licence renewal in the 4th year. If successful, a 6-year licence will then be issued and renewed thereafter every 6 years. The Application Fee and Grant of Licence Fee will cover the full term of the licence. The full fee structure is detailed in Appendix B. We currently have no licences issue under the Zoo Licensing Act 1981.

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

- 12.1 Any person or businesses engaged in the business or practice of Cosmetic Piercing, Tattooing, Electrolysis, Semi-Permanent Skin Colouring and Acupuncture, must be registered with their Local Authority. This is a one-off registration and is not subject to renewal requirement. A 3% increase has been applied to registration applications during 2022/23. The administration and enforcement of the registration

provisions is undertaken by officers of the Food and Public Protection Team. The current fee should generate an income of approximately £1,000 in 2022/23.

### **13 GAMBLING ACT 2005**

#### **LOTTERY LICENCES**

- 13.1 The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20; 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 £3,800 in 2022/23.

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

- 13.2 The fee bands are set by central government and the Licensing Committee sets its own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4<sup>th</sup> April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.
- 13.3 At the current level of fees, an estimated income of £14,000 for Gambling Premises and Machine Permits will be received during 2022/23 which is set out in Appendix C.

### **14 SUMMARY OF INCOME GENERATED**

- 14.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £239,500 for the Licensing Section, and £9,000 for Environmental Health in 2022/23 which is summarised in the table below:

## 14.2

Service Area	Updated Budget 2021/22	MTFP Target 2022/23	Original Estimate 2022/23	Shortfall or (Excess) over MTFP	
Licensing Act 2003 – Premises	90,000	90,000	95,000	(5,000)	*
Licensing Act 2003 - Personal Licences	3,000	3,000	3,500	(500)	*
Gambling Act 2005 - Lotteries	3,800	3,800	3,800	0	*
Gambling Act 2005 - Premises and Gaming Machines	14,000	14,000	14,000	0	*
Hackney Carriage	80,000	80,000	80,000	0	
Private Hire	30,400	30,400	30,400	0	
Sex Establishment	4,000	4,000	4,100	(120)	
Auctioneers	600	600	700	(100)	
Pleasure Boats	500	500	500	0	
Scrap Metal	2,900	2,900	3,000	(100)	
Street Trading	4,000	4,000	4,500	(500)	
<b>Total (Licensing)</b>	<b>233,200</b>	<b>233,200</b>	<b>239,500</b>	<b>(6,300)</b>	
Animal Welfare Licensing	8,000	8,000	8,000	0	
Cosmetic Piercing, Tattooing, Electrolysis & Acupuncture	1,000	1,200	1,000	200	
<b>Total (Environmental Health)</b>	<b>9,500</b>	<b>9,500</b>	<b>9,000</b>	<b>500</b>	

\*Fixed fee

## 15 CONSULTATION

Consultation to Date – None

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

## 16 RECOMMENDATIONS

The Regulatory Panel are recommended to:

- |      |  |
|------|--|
| 16.1 | Agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1 <sup>st</sup> April 2022. |
| 16.2 | Make a recommendation to the Executive to agree the charges for the Scrap Metal Act Fees for 2022/23.    |

## 17 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

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**Appendices attached to report:**

- A – Charging Structure 2022/23 – Licensing Act & Misc**
- B – Proposed Charging 2022/23 – Animal Welfare**
- C – Proposed Charges 2022/23 – Gambling**

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

- **None**

**CORPORATE IMPLICATIONS/RISKS:**

**LEGAL –**

1. In accordance with Article 13(2) of the EU Services Directive and Regulation 18(4) of the Provision of Services Regulations 2009, any fees charged in relation to licences and authorisations must seek to recover the actual cost of the application process and must not be used to raise funds. The licensing authority cannot make a profit from licence fees and must carry forward any surplus. However, the authority can recoup deficits.
2. Under the Local Government (Miscellaneous Provisions) Act 1976, the City Council can only charge a level of fees which is sufficient to cover the reasonable costs of administering and enforcing the Hackney Carriage and Private Hire licensing function. The 1976 Act lays down as statutory process for varying fees for Hackney Carriage Proprietors, Private Hire Vehicle licences and Private Hire Operators' licences.

3. This issue of Hackney Carriage and Private Hire licences and the amount of any charge for their issue is excluded from being an executive function by regulation 2(6) and Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
4. Failure to consult and advertise in accordance with statute may lead to a legal challenge by judicial review.

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £248,500 (£239,500 Licensing and £9,000 Environmental Health) against the MTFP target of £242,400. This represents an increase of £6,100 which will be retained within the service.

**EQUALITY** – None

**INFORMATION GOVERNANCE** – The changes referenced at points 5.8-5.10 will require amendments to data protection documentation such as the application form and privacy notice. Advice given to ensure an appropriate Data Processing Agreement is in place with the third-party organisation, and that the process detailed is lawful.



## Charging structure – Licensing 2022/23

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

		New	Charge from 01/04/21 Annual Fee	Charge from 01/04/22 Annual Fee	Implementation Date
Premises	Band A	100.00	70.00	70.00	24/11/05
	Band B	190.00	180.00	180.00	24/11/05
	Band C	315.00	295.00	295.00	24/11/05
	Band D	450.00	320.00	320.00	24/11/05
	Band E	635.00	350.00	350.00	24/11/05
Personal Licence		37.00	Amendment – 10.50	Amendment 10.50	24/11/05

## Vehicles - Hackney Carriages

		Charge from 01/04/21	Proposed Charge from 01/04/22
Hackney Carriage Vehicle	New	247.00	254.00 (*274.00)
	Renewal	206.00	212.00 (*232.00)
Hackney Carriage Driver – 1 year	New	180.00	200.00
	Renewal	119.00	135.00
Hackney Carriage Driver – 3 year	New	309.00	355.00
	Renewal	212.00	255.00
Certificate of Compliance (COC)		11.00	11.00
Transfer of Licence		34.00	35.00
Change of Vehicle		54.00	55.00
Duplicate Licence		14.00	14.50
Test Fee		56.00	57.00
Test Fee DNTU		28.00	28.50
Retest Fee		40.00	41.00
New Licence Plate		15.00	15.00
**DVLA Licence Check (per year)		new	5.00
**NR3 Database contribution (per year)		new	6.00

\* cost of Hackney Carriage licence if Unmet Demand Survey Commissioned

\*\*costs are incorporated in the HC/PH driver application fee – those drivers not due to renew will need to pay costs from April 2022 for the years left on their current licence.

## Vehicles – Private Hire

		Charge from 01/04/21	Proposed Charge from 01/04/22
<b>Private Hire Vehicle</b>	New	237.00	244.00
	Renewal	180.00	185.00
<b>Private Hire Driver – 1 year</b>	New	180.00	200.00
	Renewal	119.00	135.00
<b>Private Hire Driver – 3 year</b>	New	309.00	355.00
	Renewal	212.00	255.00
<b>Certificate of Compliance (COC)</b>		11.00	11.00
<b>Transfer of Licence</b>		34.00	35.00
<b>Change of Vehicle</b>		54.00	55.00
<b>Duplicate Licence</b>		14.00	14.00
<b>Test Fee</b>		56.00	57.00
<b>Test Fee DNTU</b>		28.00	29.00
<b>Retest Fee</b>		40.00	41.00
<b>Private Hire Operator</b>	<b>1-5 Vehicles</b> 1 Year	226.00	232.00
	5 Year	535.00	550.00
	<b>6-10 Vehicles</b> 1 Year	300.00	310.00
	5 Year	680.00	700.00
	<b>11-20 Vehicles</b> 1Year	350.00	360.00
	5 Year	788.00	810.00
	<b>21-30 Vehicles</b> 1 Year	397.00	408.00
	5 Year	948.00	975.00
<b>New Licence Plate</b>		15.00	15.00

## Miscellaneous Licences

		Charge from 01/04/21	Proposed Charge from 01/04/22
<b>Auctioneers</b>		48.00	48.00
<b>Sex Establishments</b>	New	2120.00	2250.00
	Renewal	2000.00	2000.00
	Variation	265.00	265.00
	Transfer	130.00	130.00
<b>Street Trader</b>	New	250.00	250.00
	Renewal	227.00	227.00
	Change of site	new	50.00
	Occasional	54.00 33.00 (annual consent holders)	54.00 33.00
<b>Scrap Metal Collector</b>	New	278.00	286.00
	Renewal	278.00	286.00
	Vary Name/Address	30.00	30.00
<b>Scrap Metal Site</b>	New	494.00	510.00
	Renewal	453.00	465.00
	Vary Name	30.00	30.00
	Vary Site Manager	75.00	75.00
	Vary Collector to Site	210.00	210.00
	Add Site	150.00	150.00
<b>Boats</b>	1-20 vessels	410.00	420.00
	21-30 vessels	460.00	470.00
<b>Boatman</b>	New	38.00	39.00
	Renewal	30.00	31.00
<b>Miscellaneous Duplicate Items</b>		13.50	14.00
<b>Cosmetic Skin Piercing / Tattooing</b>	Premises Registration	121.00	125.00
	Personal Registration	121.00	125.00
<b>Acupuncture</b>	Premises Registration	121.00	125.00
	Personal Registration	121.00	125.00

## Licensing of Activities Involving Animals 2022/23

		PART A Application Fee	PART B Grant of Licence Fee	Total	Additional Cost to Applicant
Riding Establishments / Hiring Out Horses	New	£ 212.00	£ 53.50	£ 265.50	+ Vets Fee
	Renewal	£ 183.00	£ 53.50	£ 236.50	+ Vets Fee
	2/3 Year Licences - Inspection Fee	£ 141.00	£ 0.00	£ 141.00	Nil
Animal Boarding (inc Kennels, Catteries & Dog Day Care)	New	£ 183.00	£ 53.50	£ 236.50	Nil
	Renewal	£ 163.00	£ 53.50	£ 216.50	Nil
	2/3 Year Licences - Inspection Fee	£ 133.00	£ 0.00	£ 133.00	Nil
Home Boarding	New	£ 141.00	£ 35.00	£ 176.00	Nil
	Renewal	£ 128.00	£ 35.00	£ 163.00	Nil
	2/3 Year Licences - Inspection Fee	£ 84.50	£ 0.00	£ 84.50	Nil
Breeding Dogs	New	£ 183.00	£ 53.50	£ 236.50	+ Vets Fee
	Renewal	£ 163.00	£ 53.50	£ 216.50	+ Vets Fee where business identified as High Risk following risk assessment
	2/3 Year Licences - Inspection Fee	£ 133.00	£ 0.00	£ 133.00	Nil
Selling Animals as Pets	New	£ 177.00	£ 53.50	£ 230.50	Nil
	Renewal	£ 155.50	£ 53.50	£ 209.00	Nil
	2/3 Year Licences - Inspection Fee	£ 133.00	£ 0.00	£ 133.00	Nil
Keeping / Training Animals for Exhibition	3 Year Licence (New / Renewal)	£ 183.00	£ 53.50	£ 236.50	Nil
Additional Licensable Activities*	New / Renewal*	£ 84.50	£ 53.50	£ 138.00	+ Vets Fee if required
	2/3 Year Licence – Inspection Fee*	£ 42.00	£ 0.00	£ 42.00	Nil
Variation to licence/re-evaluation of star rating - Animal Boarding / Pet Shops / Keeping animals for exhibition	Variation	£ 133.00	N/A	£ 133.00	Nil
Variation to licence/re-evaluation of star rating - Dog Breeding / Hiring out horses	Variation	£ 133.00	N/A	£ 133.00	+ Vets Fee if required
Minor Variation of Licence (Administrative change)	Variation	£ 28.00	N/A	£ 28.00	Nil
Transfer of Licence due to death of licensee	Transfer	£ 28.00	N/A	£ 28.00	Nil

\* Where an application relates to more than one activity, the higher licence application/issue fee will apply and the additional activity fee will also be payable for each additional licensable activity applied for. The inspection fee for 2/3-year licences will be applied for those where an additional licensable activity has been applied to the licence.

		PART A Application (New/Renewal) Fee	PART B Grant of Licence Fee	Total	Additional Cost to Applicant
Dangerous Wild Animals (2 Year Licence)	New/Renewal (includes inspection in year 2)	£ 308.00	£ 133.00	£ 441.00	+ Specialist Vets Fee
	Variation	£ 133.00	£ 0.00	£ 133.00	+ Specialist Vets Fee (if required)
Zoo Licence Fee calculated based on officer time spent considering the application, conducting the inspections and the expenses of the personnel involved (including visit by DEFRA appointed Vet)	New – 4-Year Licence	£ 344.00 (Officer hourly rate of £68.70 will be applied for applications exceeding 5 hours of officer time)	£ 849.00	£ 1,193.00	+ DEFRA Vets Fee (Application / Year 1 and Year 4)
	Renewal – 6-year Licence	£ 344.00	£ 1,273.00	£ 1,617.00	+ DEFRA Vets Fee (Year 3 and Year 6)
	Variation	£ 133.00	£ 0.00	£ 133.00	+ DEFRA Vets Fee if required

# Gambling Act 2005 Premises Licence Fee Structure

## APPENDIX C

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

**All Premises**    **Fee for copy of Licence £15**    **Fee to accompany notification change of circumstances £30**

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

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

**Change of Name/Address or Change of Premises Name £25 Duplicate Permit Fee £15\*£100 where applicant is holder of Club Premises Certificate under Licensing Act 2003**





# Carlisle City Council

## Report to Executive

### Report details

Meeting Date:	22 November 2021
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref: KD.10/21
Policy and Budget Framework	Yes
Public / Private	Public
Title:	Revised Capital Programme 2021/22 and Provisional Capital Programme 2022/23 to 2026/27
Report of:	Corporate Director of Finance and Resources
Report Number:	RD 47/21

### Purpose / Summary:

The report details the revised capital programme for 2021/22 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2022/23 to 2026/27 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 2021/22 as set out in Appendices A and B including approving the reduction of £1,894,800 to the 2021/22 capital programme;
- (ii) Give initial consideration and views on the proposed capital spending for 2022/23 to 2026/27 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:	22 November 2021, 20 December 2021
Scrutiny:	BTSP 07/12/21; HWSP 25/11/21; EGSP 02/12/21
Council:	1 February 2022 (Budget Resolution)

## **1. Background**

- 1.1. This report details the revised capital programme for 2021/22 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 2022/23 to 2026/27, 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 14 September 2021:
  - Capital Investment Strategy 2022-23 to 2026-27 (Report RD37/21)
  - Asset Management Plan (Report GD58/21)
- 1.4. A Corporate Programme Board of senior officers, (the SMT Transformation sub-group) continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

## **2. Capital Resources**

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

- 2.5 The cost of externally borrowing £1m to fund the capital programme will result in a charge to the revenue account in the next full year of approximately £50,000. This is made up of £20,000 for the cost of the interest payable (2% of £1m equates to £20,000) and a principal repayment provision of 3% of the outstanding sum (3% of £1m equates to £30,000).

### 3. Revised Capital Programme 2021/22

- 3.1 The capital programme for 2021/22 totalling £28,057,900 was approved by Council on 20 July 2021 as detailed in the 2020/21 out-turn report (RD16/21).
- 3.2 The revised capital programme for 2021/22 now totals £29,917,200 as detailed in **Appendix A** subject to the relevant approvals by Executive and Council for the changes.
- 3.3 **Appendix B** details the revised anticipated resources available and their use to fund the capital programme. These have been revised to take account of revised projections and valuations of asset sales.
- 3.4 A summary of the revised programme for 2021/22 is shown below:

Summary Programme	£	Appx
<b>2021/22 Original Capital Programme</b>	28,057,900	<b>A</b>
Other adjustments	1,859,300	
<b>Revised Capital Programme (Sept 2021)</b>	<b>29,917,200</b>	<b>A</b>
Estimated Capital Resources available	(1,122,295)	<b>B</b>
<b>Potential Borrowing Requirement</b>	<b>28,794,905</b>	

- 3.5 The progress to date of each scheme in the current financial year has been identified in the Quarterly Budget Monitoring report considered elsewhere on the agenda (RD51/21). That report also highlights an underspend of £409,309 against the profiled annual budget.

### 4. Capital Spending Proposals 2022/23 to 2026/27

- 4.1 The existing and capital spending proposals are summarised in the following table. It should be noted that new spending proposals that cannot be funded from external sources such as grants, or from 'new' capital receipt generation will incur a borrowing requirement.

Capital Scheme	App/ Para	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b><u>Current Commitments:</u></b>						
Vehicles & Plant	4.2	1,221	1,772	1,680	1,166	888
Planned Enhancements to Council Property	4.3	250	250	250	250	250
Disabled Facilities Grants	4.4	1,900	1,900	1,900	1,900	1,900
ICT Infrastructure	4.5	76	131	101	101	101
Leisure Facilities	4.6	3,450	0	0	0	0
Recycling Containers	4.7	45	45	45	45	45
Crematorium Infrastructure	4.8	900	0	0	0	0
Future High Street Fund	4.9	3,653	4,325	0	0	0
Flare Data Management System	4.10	150	0	0	0	0
Carlisle Southern Relief Road	4.11	5,000	0	0	0	0
<b>Total Existing Commitments</b>		<b>16,645</b>	<b>8,423</b>	<b>3,976</b>	<b>3,462</b>	<b>3,184</b>
<b><u>New Spending Proposals:</u></b>						
Vehicles and Plant	4.2	(35)	360	(541)	0	325
ICT Infrastructure	4.5	334	(131)	(26)	0	0
Crematorium Infrastructure	4.8	875	875	0	0	0
Flare Data Management System	4.10	(150)	0	0	0	0
Sands Car Park Resurfacing	4.12	210	0	0	0	0
Swifts Car Park Resurfacing	4.13	200	0	0	0	0
<b>Total New Spending Proposals</b>		<b>1,434</b>	<b>1,104</b>	<b>(567)</b>	<b>0</b>	<b>325</b>
<b>Total Potential Programme</b>		<b>18,079</b>	<b>9,527</b>	<b>3,409</b>	<b>3,462</b>	<b>3,509</b>

- 4.2 The anticipated budgets for replacement of the Council's vehicle fleet. An initial review of the current replacement plan has been undertaken and the revised figures are included in the table above.
- 4.3 The allocation for planned enhancements to council properties is retained at the current level of £250,000, with further details provided in GD79/21 elsewhere on the agenda.
- 4.4 Disabled facilities grant allocation will not be known until early into 2022/23, although it has been assumed for the purpose of this report that the grant will be protected at the 2021/22 levels. This grant will be awarded via the County Council's Better Care Fund.
- 4.5 This is the anticipated budgets for improvements and developments to the Council's ICT infrastructure following a review of requirements.

- 4.6 This is the continuation of the provision of new leisure facilities at the Sands Centre.
- 4.7 An allocation for the replacement of the Council's stock of recycling and waste containers.
- 4.8 To provide new infrastructure for the crematorium including replacement cremators. The current commitment of £900,000 in 2022/23 is funded from the amounts set aside in the Cremator Replacement Earmarked Reserve.

The new spending proposal (£1.75m) for the replacement of the cremators refers to replacing gas powered cremators with electric powered ones which will help to reduce the amount of CO2 produced from the crematorium. Replacement on a like for like basis with gas powered cremators would require additional funding of approximately £300,000 - £400,000. The additional spend also provides additional funding to upgrade the building facilities at the crematorium. Further reports will be required on the project that will detail the most appropriate solution for the replacement of the cremators. The additional spend will require an additional borrowing requirement, however, the annual borrowing cost could be met from the annual sum currently set aside to the cremator reserve over a 23 year period.

- 4.9 This is a funding application to the Future High Streets Fund which seeks to redevelop and improve the area around the Greenmarket and Market Square in Carlisle City Centre. The project is part funded through the FHSF grant, with an overall funding requirement from the Council of £390,000.
- 4.10 The allocation for a new data management system that is used in Environmental Health and Private Sector Housing is no longer required with Local Government Reorganisation on the horizon.
- 4.11 The Council's contribution to the Carlisle Southern Link Road project (timing of spend to be confirmed).
- 4.12 The Sands redevelopment project does not provide for any enhancement of the car park once the project is complete. This proposal seeks to provide funding to carry out resurfacing and enhancement work to the car park that will enhance the overall site once the project is completed.
- 4.13 As detailed above, the Swifts car park will serve as an overflow car park for the Sands and as such enhancement work is required to improve the standard of the surface.

As the budget process progresses, there may be further bids that come to light once full business cases are developed. There are also external bids for grant funding which have been submitted, or are in the process of being submitted, which if successful, will require the Capital Programme to be grossed up and to recognise the grant award, examples include The Towns Deal (£19.7m), The Public Sector Decarbonisation Scheme (£1.87m) and The Sustainable Warmth (LAD3) and Home Upgrade (HUG1), a county wide scheme totalling £19.955m.

## 5. Potential Capital Resources Available

5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2022/23 to 2026/27.

Source of Funding	Para	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>Capital Grants:</b>						
• Disabled Facilities Grant	5.2	(1,900)	(1,900)	(1,900)	(1,900)	(1,900)
• General Grants/Contributions	5.3	(3,429)	(4,325)	0	0	0
<b>Capital Receipts:</b>						
• Generated in year	5.4	(286)	(101)	(1,125)	(1,145)	(2,585)
receipts used to fund resources		112	0	0	0	0
Direct Revenue Financing / Invest to Save	5.5	(1,962)	(1,062)	(1,062)	(1,062)	(1,062)
<b>TOTAL RESOURCES</b>		<b>(7,465)</b>	<b>(7,388)</b>	<b>(4,087)</b>	<b>(4,107)</b>	<b>(5,547)</b>

5.2 Disabled facilities grant allocation will not be known until early 2022/23, although it has been assumed for the purpose of this report that the grant will be protected at the 2021/22 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. This relates to the Future High Street Fund projects.

5.4 Capital receipts from the sale of fixed assets. A review of the asset disposal programme has been undertaken and a reprofiling of disposals between 2022/23 and 2026/27 has been incorporated into the table above.

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

## 6. Summary Provisional Capital Programme 2022/23 to 2026/27

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

Source of Funding	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Estimated in year Resources available (para 5.1)	(7,465)	(7,388)	(4,087)	(4,107)	(5,547)
Proposed Programme (para 4.1)	18,079	9,527	3,409	3,462	3,509
<b>Projected (Surplus)/Deficit</b>	<b>10,614</b>	<b>2,139</b>	<b>(678)</b>	<b>(645)</b>	<b>(2,038)</b>
Cumulative surplus/deficit b/fwd	<b>28,795</b>	<b>39,409</b>	<b>41,548</b>	<b>40,870</b>	<b>40,225</b>
Cumulative year end surplus/deficit	<b>39,409</b>	<b>41,548</b>	<b>40,870</b>	<b>40,225</b>	<b>38,187</b>
Borrowing undertaken previously	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>	<b>14,000</b>
Cumulative deficit i.e. overall borrowing needed to support the capital programme	<b>53,409</b>	<b>55,548</b>	<b>54,870</b>	<b>54,225</b>	<b>52,187</b>

- 6.2 The Prudential Code gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst these 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 (RD49/21).

The table above shows that there continues to be a borrowing requirement from 2022/23. 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:

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

## **7. Risks**

- 7.1 The ongoing impact of issues identified will be monitored carefully in budget monitoring reports and appropriate action taken.
- 7.2 The main risk to the Council is the overall cost of COVID-19 in terms of additional costs and delays to supplies.

## **8. Consultation**

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

## **9. Conclusion and reasons for recommendations**

- 9.1 The Executive is asked to:
- (i) Note the revised capital programme and relevant financing for 2021/22 as set out in Appendices A and B including approving the reduction of £1,894,800 to the 2021/22 capital programme;
  - (ii) Give initial consideration and views on the proposed capital spending for 2022/23 to 2026/27 given in the report in the light of the estimated available resources;
  - (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

## **10. Contribution to the Carlisle Plan Priorities**

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

### **Contact details:**

Contact Officer: Steven Tickner Ext: 7280

### **Appendices attached to report:**

- Appendix A – Revised Capital Programme 2021/22
- Appendix B – Revised Capital Programme 2021/22 – Proposed Financing

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

- None



**Corporate Implications:**

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

Property Services - The Council has a significant property portfolio which assists in the management of its resources as detailed in the Asset Management Plan (GD58/21).

Finance - Financial implications are contained within the main body of the report.

Equality - This report raises no explicit issues relating to the public sector Equality Duty.

Information Governance - There are no information governance implications.

**REVISED CAPITAL PROGRAMME 2021/22**
**APPENDIX A**

Scheme	Original Capital Programme 2021/22 £	Other Adjustments £	Proposed Savings & Carry Forwards £	Revised Capital Programme 2021/22 £	Note
Sands Centre Redevelopment	16,922,600	0	0	16,922,600	
Civic Centre Development	2,081,600	2,000	0	2,083,600	
Energy Monitoring System	12,000	0	0	12,000	
<i>Savings to fund Civic Centre</i>	<i>(200,000)</i>	<i>200,000</i>	<i>0</i>	<i>0</i>	
Future High Street Fund - Market Square	100,000	357,300	0	457,300	
Future High Street Fund - 6-24 Castle Street	0	170,300	0	170,300	
Future High Street Fund - Central Plaza	0	712,400	0	712,400	
Future High Street Fund - Devonshire Street	0	73,600	0	73,600	
Future High Street Fund - Delivery Costs	0	122,400	0	122,400	
Cemetery Infrastructure	5,700	0	0	5,700	
Skew Bridge Deck	67,000	0	0	67,000	
Towns Deal - Bitts Park Improvements	99,200	30,000	0	129,200	
Planning Software	150,000	0	0	150,000	
Play Area Improvements	189,700	5,000	0	194,700	
Carlisle Citadels	934,700	0	0	934,700	
Towns Deal - Caldew Riverside	842,500	0	0	842,500	
On Street Charging Points Infrastructure	102,800	0	0	102,800	
Gateway 44 Development	896,200	0	0	896,200	
LED Footway Lighting Installation	29,700	0	0	29,700	
Rough Sleeping Initiative	10,000	0	0	10,000	
Planned Enhancements to Council Property	458,800	0	0	458,800	
Vehicles, Plant & Equipment	1,036,600	(200,000)	(394,800)	441,800	1
Recycling Containers	45,000	43,300	0	88,300	
ICT Infrastructure	313,700	1,900	0	315,600	
Disabled Facilities Grants	3,387,200	0	0	3,387,200	
Empty Property Grants	112,400	0	0	112,400	
Swifts Wildlife Haven	70,000	0	0	70,000	
Bitts Park Water Feature	10,500	0	0	10,500	
Bitts Park Public Realm	0	32,000	0	32,000	
Financials Upgrade	0	80,900	0	80,900	
Footway Lighting Melbourne Park	0	22,200	0	22,200	
Affordable Homes (S106)	0	600,800	0	600,800	
<b>SUB-TOTAL</b>	<b>27,677,900</b>	<b>2,254,100</b>	<b>(394,800)</b>	<b>29,537,200</b>	
<b>Capital Reserves to be released</b>					
Creamatorium Infrastructure	350,000	0	0	350,000	
Cemetery Infrastructure	30,000	0	0	30,000	
Tullie House Levelling Up Fund	0	1,500,000	(1,500,000)	0	2
	<b>380,000</b>	<b>1,500,000</b>	<b>(1,500,000)</b>	<b>380,000</b>	
<b>REVISED TOTAL</b>	<b>28,057,900</b>	<b>3,754,100</b>	<b>(1,894,800)</b>	<b>29,917,200</b>	

Notes:

- Executive are asked to approve the reduction to the 2021/22 capital programme to realign the budget available with the current Vehicle Plant and Equipment Replacement Plan.

- 2) Executive are asked to approve the reduction of £1,500,000 to the 2021/22 capital programme to remove this project from the programme due to an unsuccessful funding bid.

**REVISED CAPITAL PROGRAMME 2021/22 – PROPOSED FINANCING**

Source of funding	2021/22 Original £	2021/22 Revised £	Notes
<b>Capital Grants:</b>			
• DFG	2,155,600	2,155,600	1
• Future High Street Fund	0	1,436,000	
• General	2,325,600	2,349,900	
<b>Capital Receipts:</b>			
• B/fwd from previous year	(7,759,005)	(7,759,005)	
• Generated in year	1,491,000	0	
• Receipts used to fund resources	(112,000)	(112,000)	
• Borrowing Undertaken	0	0	
<b>Capital Contributions</b>			
• General	159,700	819,700	2
Direct Revenue Financing	2,098,300	2,232,100	3
<b>TOTAL FINANCE AVAILABLE</b>	<b>359,195</b>	<b>1,122,295</b>	
<b>TOTAL PROGRAMME (SEE APP A)</b>	<b>28,057,900</b>	<b>29,917,200</b>	
<b>PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE</b>	<b>27,698,705</b>	<b>28,794,905</b>	

**Notes:**

- Capital grant include revised funding for Sands Centre Development (£134,000), Recycling Containers (£24,300), Play Area Improvements (£30,000), Swifts Wildlife Haven (£70,000), On-Street Charging Infrastructure (£102,800), Bitts Park Towns Deal (£89,200), Carlisle Citadels (£934,700), Caldew Riverside Towns Deal (£842,500), Rough Sleeping Initiative (£10,000) and Empty Properties (£112,400).
- Asset Review Receipts have been reprofiled into future years.
- General contributions relate to Play Area Developments (£164,700), Bitts Park Public Realm (£32,000), Footway Lighting Melbourne Park (£22,200) and Affordable Homes (£600,800).
- Changes to Direct Revenue Financing relate to Financials Upgrade (£70,000), Waste Receptacles (£19,000), IT Strategy (£12,800), Civic Centre (£2,000) and Bitts Park Towns Deal (£30,000).

# Report to Executive

Meeting Date: 22 November 2021  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in key decision notice KD.25/21  
Within Policy and Budget Framework YES  
Public / Private Public

Title: **CORPORATE ASSETS  
3 YEAR REPAIR AND MAINTENANCE PROGRAMME  
2022/23– 2024/25**  
Report of: **The Corporate Director of Governance & Regulatory Services**  
Report Number: **GD.79/21**

## 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 2022/23 to 2024/25 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 2022/23 capital budget of £250,000 as part of the budget process.
3. the list of capital projects selected to meet the allocated capital budget of £250,000.

## Tracking

Executive:	
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 2022/23 revenue maintenance budget is approximately £782,200 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 Property Services Manager (authorised by the Corporate Director of Governance & Regulatory Services) can re-distribute these to meet specific or emergency needs. This flexibility is essential to avoid any service disruption.

### **1.3 Planned Maintenance**

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

The Council has a capitalised major repairs programme with a provision of £250,000 included in the capital programme. This sum is allocated according to need with priority being given to those projects with health and safety, legal compliance and preservation of assets arising from the five-year plan.

#### 1.4 **Status Analysis**

The total outstanding maintenance figure on the operational buildings is just under £2,164,000. This is the current summary of costed works which has been calculated having regard to the baseline costed 5-year plan derived from the Condition Surveys, works which have been completed and others matters which have developed over the last 12 months. This figure omits the outstanding maintenance works at the Pools due to the impending closure of the facility however we anticipate that the total maintenance figure will rise once costs associated with the Victorian Health Suite and the Sands sports hall roof become known.

The total maintenance figure reduces as maintenance projects are completed under the capital works programme and increases as condition surveys identify new maintenance projects. A failure to address identified maintenance will lead to an increase in the outstanding maintenance as smaller issues will only intensify over time. The sale and acquisition of assets will further impact the maintenance schedule figure where separate maintenance budget for the life cycle of the asset as not been secured.

## 2. **PROPOSALS**

### **Planned Maintenance Capital Programme 2022/23**

The following projects reflect the highest priority projects to be funded from capital. The current allocation of £250,000 reflects the Council's current financial situation. In an ideal world we would reduce outstanding maintenance to the minimum however this is not possible in the current climate. The effect of maintaining a reduced 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.

The Council recently submitted a bid for Public Sector Decarbonisation Scheme funding. The bid totalled £2.1m (circa £1.87m funded & £130,000 match) and if successful will allow energy efficiency improvements to be undertaken to a number of our operational assets.

<b>Property</b>	<b>Description of works</b>	<b>Estimated Cost</b>
Cemeteries	Resurfacing	£30,000
Bousteads Grassing	Resurfacing	£10,000
Tullie House	Plant Replacement	£20,000
Morton CC	LED lighting upgrades	£10,000
Crematorium	LED lighting upgrades	£15,000
Bousteads Grassing	LED lighting upgrades	£5,000
Civic Centre	Refurbishment of 2 floors	£50,000
Civic Centre	Replacement of floor 10 & 11 cladding (inc. asbestos removal)	£50,000
Queen Victoria Monument	Clean & refurbishment	£10,000
Enterprise Centre	Render repairs (Including redecoration & Scaffold)	£20,000
Civic Centre	LED lighting upgrades	£30,000
	<b>Total</b>	<b>£250,000</b>

### **3. CONSULTATION**

Consultation has taken place with the Building and Estates Manager, Facilities Management team and Finance colleagues.

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

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

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



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

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

**Ext:**    **7427**

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

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

- None

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

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

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

**EQUALITY** – None.

**INFORMATION GOVERNANCE** – None.

MUNICIPAL MAINTENANCE BUDGET		2022/23	2023/24	2024/25
Cost Code	Description	REQUIRE MENT £	REQUIRE MENT £	REQUIRE MENT £
10110/1010	Bousteads Grassing/Planned Premises R&M	10,100	10,300	10,500
10110/1011	Bousteads Grassing/Reactive Premises R&M	12,200	12,400	12,600
10110/1012	Bousteads Grassing/Buildings & Equipment Compliance	7,900	8,100	8,300
11057/3907/52503	Misc Buildings Expenses/Energy Fund Contribution/Energy Fund	10,200	10,200	10,200
11720/1011	Grounds/Reactive Premises R&M	1,000	1,000	1,000
15100/1011	Allotments/Reactive Premises R&M	2,000	2,000	2,000
15120/1010	Bitts Park Depot/Planned Premises R&M	4,900	5,000	5,100
15120/1011	Bitts Park Depot/Reactive Premises R&M	3,800	3,900	4,000
15120/1012	Bitts Park Depot/Buildings & Equipment Compliance	700	700	700
15140/1010	Play Areas/Planned Premises R&M	15,300	15,600	15,900
15140/1011	Play Areas/Reactive Premises R&M	11,200	11,400	11,600
15160/1010	Green Spaces Site Management/Planned Premises R&M	25,500	26,000	26,500
15160/1011	Green Spaces Site Management/Reactive Premises R&M	35,700	36,400	37,100
15160/1012	Green Spaces Site Management/Buildings & Equipment Compliance	2,800	2,900	3,000
15170/1010	Talkin Tam/Planned Premises R&M	800	800	800
15170/1011	Talkin Tam/Reactive Premises R&M	4,800	4,900	5,000
15170/1012	Talkin Tam/Buildings & Equipment Compliance	6,300	6,400	6,500
15175/1010	Boathouse Tea Room/Planned Premises R&M	1,200	1,200	1,200
15175/1011	Boathouse Tea Room/Reactive Premises R&M	1,400	1,400	1,400
15175/1012	Boathouse Tea Room/Buildings & Equipment Compliance	1,000	1,000	1,000
16050/1010	Museums and Arts Services/Planned Premises R&M	26,100	26,600	27,100
16050/1011	Museums and Arts Services/Reactive Premises R&M	20,400	20,800	21,200
16050/1012	Museums and Arts Services/Buildings & Equipment Compliance	10,300	10,500	10,700
16050/1014	Museums and Arts Services/Premises Alterations	8,100	8,300	8,500
16480/1010	Guildhall/Planned Premises R&M	500	500	500
16480/1011	Guildhall/Reactive Premises R&M	300	300	300
16490/1010	Arts Centre (Old Fire Station)/Planned Premises R&M	7,500	7,700	7,900
16490/1011	Arts Centre (Old Fire Station)/Reactive Premises R&M	8,900	9,100	9,300
16490/1012	Arts Centre (Old Fire Station)/Buildings & Equipment Compliance	5,700	5,800	5,900
16710/1010	Golf Provision/Planned Premises R&M	3,400	3,500	3,600
16710/1011	Golf Provision/Reactive Premises R&M	2,200	2,200	2,200
16720/1010	GLL Contract/Planned Premises R&M	10,300	10,500	10,700
16720/1011	GLL Contract/Reactive Premises R&M	7,200	7,300	7,400
16720/1012	GLL Contract/Buildings & Equipment Compliance	500	500	500
18010/1010	Civic Centre/Planned Premises R&M	51,000	52,000	53,000
18010/1011	Civic Centre/Reactive Premises R&M	53,000	54,100	55,200
18010/1012	Civic Centre/Buildings & Equipment Compliance	20,600	21,000	21,400
18010/1014	Civic Centre/Premises Alterations	9,200	9,400	9,600
21100/1010	Enterprise Centre/Planned Premises R&M	29,300	29,900	30,500
21100/1011	Enterprise Centre/Reactive Premises R&M	23,400	23,900	24,400
21100/1012	Enterprise Centre/Buildings & Equipment Compliance	5,700	5,800	5,900
21100/1014	Enterprise Centre/Premises Alterations	1,000	1,000	1,000
21260/1011	Carlisle TIC/Reactive Premises R&M	1,000	1,000	1,000
21260/1012	Carlisle TIC/Buildings & Equipment Compliance	3,100	3,200	3,300
21600/1010	Community Centres/Planned Premises R&M	76,500	78,000	79,600
21600/1011	Community Centres/Reactive Premises R&M	62,800	64,100	65,400
21600/1012	Community Centres/Buildings & Equipment Compliance	16,500	16,800	17,100
24500/1010	Public Conveniences/Planned Premises R&M	25,800	26,300	26,800
24500/1011	Public Conveniences/Reactive Premises R&M	20,400	20,800	21,200
24500/1012	Public Conveniences/Buildings & Equipment Compliance	3,400	3,500	3,600
25511/1010	Water Street Women & Family Accom/Planned Premises R&M	3,100	3,200	3,300
25511/1011	Water Street Women & Family Accom/Reactive Premises R&M	5,000	5,100	5,200
25511/1012	Water Street Women & Family Accom/Buildings & Equipment Compliance	4,400	4,500	4,600
25520/1010	John Street Men's Accommodation/Planned Premises R&M	6,300	6,400	6,500
25520/1011	John Street Men's Accommodation/Reactive Premises R&M	6,500	6,600	6,700
25520/1012	John Street Men's Accommodation/Buildings & Equipment Compliance	3,400	3,500	3,600
25530/1010	Dispersed Accommodation/Planned Premises R&M	3,200	3,300	3,400
25530/1011	Dispersed Accommodation/Reactive Premises R&M	2,300	2,300	2,300
25530/1012	Dispersed Accommodation/Buildings & Equipment Compliance	300	300	300
26510/1010	Cemeteries/Planned Premises R&M	14,300	14,600	14,900
26510/1011	Cemeteries/Reactive Premises R&M	13,600	13,900	14,200
26510/1012	Cemeteries/Buildings & Equipment Compliance	700	700	700
26520/1010	Crematorium/Planned Premises R&M	15,900	16,200	16,500
26520/1011	Crematorium/Reactive Premises R&M	9,900	10,100	10,300
26520/1012	Crematorium/Buildings & Equipment Compliance	4,400	4,500	4,600
39610/1011	Shop Mobility/Reactive Premises R&M	300	300	300
43010/1010	Miscellaneous Properties/Planned Premises R&M	2,700	2,800	2,900
43010/1011	Miscellaneous Properties/Reactive Premises R&M	1,700	1,700	1,700
43070/1010	City Centre Properties/Planned Premises R&M	5,700	5,800	5,900
43070/1011	City Centre Properties/Reactive Premises R&M	3,800	3,900	4,000
43100/1011	Dixon's Chimney/Reactive Premises R&M	1,000	1,000	1,000
43100/1012	Dixon's Chimney/Buildings & Equipment Compliance	800	800	800
	<b>Total All Projects</b>	<b>782,200</b>	<b>797,500</b>	<b>812,900</b>



# Carlisle City Council

## Report to Executive

Meeting Date: 22 November 2021  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD10/21  
Policy and Budget Framework: YES  
Public / Private: Public

Title: TREASURY MANAGEMENT QUARTER 2 2021/22 AND FORECASTS FOR 2022/23 TO 2026/27  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD49/21

### **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 2022/23 with projections to 2026/27. 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 2022/23 to 2026/27 be incorporated into the budget reports considered elsewhere on the agenda.

### **Tracking**

Executive:	22 November 2021
Scrutiny:	7 December 2021
Audit Committee:	10 December 2021

## 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:

1.2 **Appendix A** sets out the schedule of Treasury Transactions for the period to 1<sup>st</sup> October 2021 as follows:

- **Appendix A1** – Treasury Transactions July to 1<sup>st</sup> October 2021
- **Appendix A2** – Investment Transactions July to 1<sup>st</sup> October 2021
- **Appendix A3** – Outstanding Investments at 1<sup>st</sup> October 2021

1.3 The Prudential Code and Prudential Indicators for 2021/22 are discussed at **Appendix B** as follows:

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

## 1.4 TREASURY MANAGEMENT ESTIMATES 2022/23 TO 2026/27

1.4.1 The draft base Treasury Management estimates for 2022/23 with projections to 2026/27 are set out at **Appendix C**. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are up to date 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.

1.4.2 The assumptions included in the Treasury estimates for 2022/23 are as follows:

- Assumed use of revenue reserves for all budget pressure commitments outlined in RD46/21 are included;
- The capital programme and capital resources estimate as outlined in RD47/21 are included;
- External borrowing assumed as follows:

	Amount (£000)	Rate	Term
2021/22	11,500	2.20%	25 years
2021/22	1,500	2.05%	15 years
2021/22	15,000	2.20%	25 years
2021/22	1,500	2.20%	25 years
2022/23	1,507	2.30%	25 years
2022/23	5,000	2.30%	25 years
<b>Total</b>	<b>36,007</b>		

- Investment returns are assumed to be as follows:

Year	Rate
2021/22	0.30%
2022/23	0.38%
2023/24	0.70%
2024/25	0.95%
2025/26	1.08%

- Investment return from CCLA property fund is assumed at 4% p.a.

## **2. Risks**

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

## **3. Consultation**

- 3.1 Consultation to Date.  
None.

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

## **4. Conclusion and reasons for recommendations**

- 4.1 That this report be received and that the projections for 2022/23 to 2026/27 be incorporated into the budget reports elsewhere on the agenda.

## **5. Contribution to the Carlisle Plan Priorities**

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

### **Contact details:**

Contact Officer: **Steven Tickner**

Ext: **7280**

**Appendices attached to report:**

- **Appendix A1 – Treasury Transactions July to 1 October 2021**
- **Appendix A2 – Investment Transactions July to 1 October 2021**
- **Appendix A3 – Outstanding Investments at 1 October 2021**
- **Appendix B1 – Prudential Code background**
- **Appendix B2 – Prudential Indicators**
- **Appendix C – Treasury Projections 2022/23 – 2026/27**

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

- None

**Corporate Implications:**

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

**Property Services** – Not applicable

**Finance** - Included in the report

**Equality** - This report raises no explicit issues relating to the public sector Equality Duty

**Information Governance**- No implications

TREASURY TRANSACTIONS  
JULY 2021 to 1 OCTOBER 2021

1. LOANS (DEBT)

1.1 Transactions July to 1 October 2021

	Raised		Repaid	
	£	%	£	%
P.W.L.B	0	0	112,500	1.80
P.W.L.B	0	0	125,000	1.33
Local Bonds	0	0	0	0
Short Term Loans	0	0	0	0
Overnight Borrowing	0	0	0	0
	<b>0</b>		<b>237,500</b>	

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

1.2 Loans (Debt) Outstanding at 1 October 2021

	£
P.W.L.B.	8,550,000
P.W.L.B.	4,500,000
Short Term Loans	12,800
	<b>13,062,800</b>

1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Other £	Total £
Short Term Debt at 1 October 2021	475,000	0	12,800	<b>487,800</b>

#### 1.4 Interest Rates

Both Link Group and Capital Economics are currently forecasting bank rate to remain at 0.1% rising to 0.25% in June 2022.

## 2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	24,685,000	0.01 - 0.58	20,685,000	0.01 - 0.19
	<b>24,685,000</b>		<b>20,685,000</b>	

A full schedule of short-term investment transactions is set out in **Appendix A2**. **Appendix A3** shows outstanding short-term investments at 1 October 2021.

## 3 REVENUES COLLECTED

To: 30 September 2021		Collected £	% of Amount Collectable %
2021/22	Council Tax NNDR	39,492,304	56.25
		18,594,961	50.09
<b>Total</b>		<b>58,087,265</b>	<b>54.12</b>
2020/21	Council Tax NNDR	36,788,494	55.04
		11,184,691	49.97
<b>Total</b>		<b>47,973,185</b>	<b>53.77</b>
2019/20	Council Tax NNDR	36,403,520	56.80
		25,102,107	57.01
<b>Total</b>		<b>61,505,627</b>	<b>56.88</b>

Collection levels have begun to show signs of recovery from 2020/21 levels which were significantly reduced due to the impact of COVID-19.

## 4 BANK BALANCE

At 1 October 2021 £982,627.00 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 1 OCTOBER 2021

April – 1 October 2021

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(83)	(91)	(8)
Interest Payable	279	90	(189)
Less Rechargeable	0	0	0
	<b>279</b>	<b>90</b>	<b>(189)</b>
Principal Repaid (MRP)	0	0	0
Debt Management	12	13	1
<b>NET BALANCE</b>	<b>208</b>	<b>12</b>	<b>(196)</b>

The profiled budget is to 1 October 2021

Interest receivable is ahead of expectations due to higher than forecast average cash balances even though interest rates remain at 0.1%. However, it is expected this position will worsen during the remainder of the financial year as cash balances reduce.

Interest payable is lower than expected as no new borrowing has been undertaken in this financial year.

The CCLA property investment saw a slight increase in the capital value to the end of September. Dividends and yield levels are currently 4.04%.

## APPENDIX A2

## SHORT TERM INVESTMENT TRANSACTIONS JULY TO 1<sup>st</sup> OCTOBER 2021

INVESTMENTS MADE			INVESTMENTS REPAID	
	£			£
Santander	2,000,000.00		HSBC	1,000,000.00
Goldman Sachs	1,000,000.00		HSBC	5,000,000.00
Goldman Sachs	1,000,000.00		Goldman Sachs	1,000,000.00
Goldman Sachs	1,000,000.00		HSBC	2,000,000.00
HSBC	3,000,000.00		HSBC	2,000,000.00
HSBC	6,000,000.00		HSBC	4,885,000.00
HSBC	2,000,000.00		Goldman Sachs	1,000,000.00
HSBC	3,885,000.00		HSBC	2,800,000.00
HSBC	800,000.00		Goldman Sachs	1,000,000.00
HSBC	2,000,000.00			
Standard Chartered	2,000,000.00			
<b>TOTAL</b>	<b>24,685,000</b>			<b>20,685,000</b>
			Bfwd	24,402,054
			Paid	24,685,000
			Repaid	20,685,000
			<b>Total</b>	<b>28,402,054</b>
			<b>CCLA</b>	<b>116,729</b>
			<b>Total</b>	<b>28,518,783</b>

### Outstanding Investments as at 01 October 2021

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC UK Bank Plc (RFB)	5,000,000	0.01%			Call1		
R	Standard Chartered Bank	1,000,000	0.11%	16/06/2021	29/10/2021		135	407
O	HSBC UK Bank Plc (RFB)	5,000,000	0.10%			Call31		
R	Standard Chartered Bank	1,000,000	0.12%	16/06/2021	26/11/2021	56	163	536
R	Standard Chartered Bank	1,000,000	0.15%	16/06/2021	24/12/2021	84	191	785
R	Standard Chartered Bank	2,000,000	0.08%	01/10/2021	04/01/2022	95	95	416
R	Goldman Sachs International Bank	1,000,000	0.15%	13/07/2021	28/01/2022	119	199	818
R	Goldman Sachs International Bank	1,000,000	0.18%	30/07/2021	01/02/2022	123	186	917
R	Goldman Sachs International Bank	1,000,000	0.13%	27/08/2021	25/02/2022	147	182	648
R	Santander UK	7,000,000	0.58%			Call180		
<b>Total Investments</b>		<b>£25,000,000</b>	<b>0.22%</b>			<b>104</b>	<b>164</b>	<b>£4,527</b>

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) <sup>1</sup>	Initial Market Value (£)	Unrealised Growth (£)
<b>CCLA Property Fund</b>	<b>3,518,783</b>	<b>4.04%</b>	31/07/2014	3,000,000	(163,104)	2,836,896	<b>518,783</b>

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

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

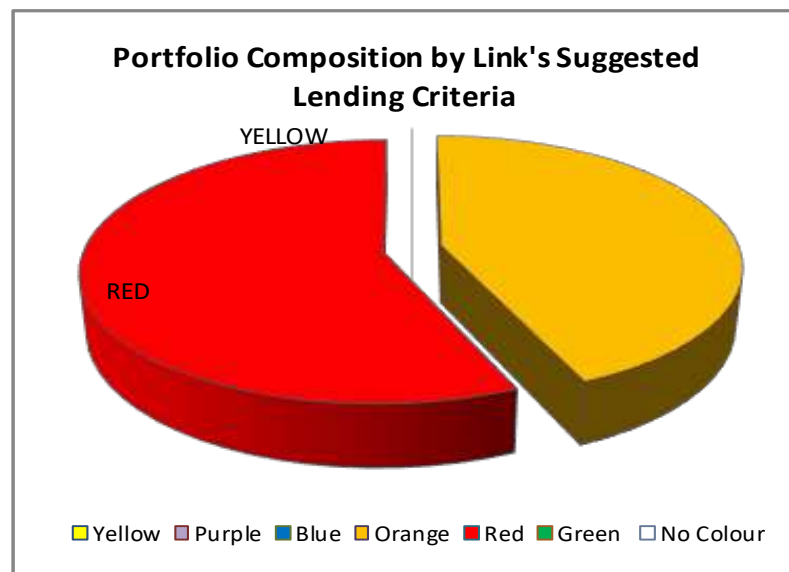
The category colour represents the duration of investment recommended by Link, the Council's Treasury Advisors. Those investments with no colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

## Investment Summary Sheet

						Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Days to Maturity from Execution
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution
Yellow	0.00%	-	0.00%	-	0.00%	0.00%	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	43.48%	10,000,000	100.00%	10,000,000	43.48%	0.06%	16	16
Red	56.52%	15,000,000	46.67%	7,000,000	30.43%	0.38%	140	178
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	<b>100.0%</b>	<b>25,000,000</b>	<b>73.91%</b>	<b>17,000,000</b>	<b>68.00%</b>	<b>0.24%</b>	<b>86</b>	<b>108</b>

Risk Score for Colour (1 = Low, 7 = High)	Sep 2021	Jun 2021	Mar 2021	Dec 2020
1	0.0	0.0	0.0	0.2
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	1.7	1.9	2.2	2.1
5	2.8	2.6	2.3	1.3
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	<b>4.6</b>	<b>4.5</b>	<b>4.5</b>	<b>3.6</b>

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



Normal' Risk Score	3.5	3.5	3.5	3.5
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## APPENDIX B1

### 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. 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 Prudential Code any local authority borrowing was essentially based upon a government 'permission to borrow'. Following the introduction of the Prudential Code, the permission to borrow was essentially withdrawn and Councils were given greater freedom to borrow so long as they 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 2021/22 to date as detailed in the Treasury Management Strategy Statement for 2021/22.

**(a) Affordability**

	2021/22 Original Estimate £	2021/22 Revised Estimate £
<b>(i) Capital Expenditure</b>	19,070,400	29,917,200
<b>(ii) Financing Costs</b> Total Financing Costs	458,100	(707)
<b>(iii) Net Revenue Stream</b> Funding from Govt Grants/Local Taxpayers	13,848,000	13,848,000
<b>(iv) Ratio of Financing Costs to Net Revenue Stream</b> The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	3.31%	-0.01%
<b>(v) Incremental Impact on Council Tax</b> This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	12.82	18.54
<b>(vi) Authorised Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities 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.	45,100,000 34,380,000	48,100,000 34,380,000

	2021/22 Original Estimate £	2021/22 Revised Estimate £
<b>(vii) Operational Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	40,100,000  34,380,000	43,100,000  34,380,000
<b>(viii) Capital Financing Requirement (CFR)</b> As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	39,601,000	40,949,000

**(b) Prudence and Sustainability**

	2021/22 Original £
<b>(i) New Borrowing to Date</b> Long Term Borrowing has been taken in 2021/22 to date	0 0
<b>(ii) Percentage of Fixed Rate Long Term Borrowing</b> at September 2021	100%
<b>(iii) Percentage of Variable Rate Long Term Borrowing</b> at September 2021 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
<b>(iv) Minimum Level of Investments Classified as Specified</b> Level of Specified Investments as at September 2021  As part of the Capital Investment Strategy for 2021/22, 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 2022/23 with projections to 2026/27

<b>Carlisle City Council</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest Payable	980	940	899	860	819
Core MRP	521	1,266	1,265	1,261	1,227
MRP Adjustments - Voluntary and Assets Under Construction	0	0	0	0	0
MRP Adjustments - Adjustment A	(241)	(241)	(241)	0	0
Voluntary MRP (to match principal repayments)	0	0	0	0	0
Debt Management					
Link	12	12	12	12	12
Publications	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(18)	(18)	(18)	(18)	(18)
<b>Total Expenditure</b>	<b>1,254</b>	<b>1,960</b>	<b>1,918</b>	<b>2,115</b>	<b>2,040</b>
Interest Receivable	(201)	(238)	(249)	(252)	(262)
<b>Total Income</b>	<b>(201)</b>	<b>(238)</b>	<b>(249)</b>	<b>(252)</b>	<b>(262)</b>
<b>Treasury Management Net Expenditure</b>	<b>1,053</b>	<b>1,722</b>	<b>1,669</b>	<b>1,863</b>	<b>1,778</b>
<b>Council Resolution Budget 21/22 (incl in year adjustments)</b>	<b>768</b>	<b>1,507</b>	<b>1,477</b>	<b>1,679</b>	<b>1,617</b>
<b>Difference to Council Resolution Position (budget pressure / (Saving))</b>	<b>285</b>	<b>215</b>	<b>192</b>	<b>184</b>	<b>161</b>
<b>Cumulative Difference to Council Resolution Position</b>	<b>285</b>	<b>500</b>	<b>692</b>	<b>877</b>	<b>1,038</b>



# Carlisle City Council

## Report to Executive

### Report details

Meeting Date:	22 November 2021
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref: KD10/21
Policy and Budget Framework	Yes
Public / Private	Public
Title:	LOCAL TAXATION 2022/23 – 2026/27
Report of:	CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number:	RD48/21

### 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) including War Widows Pension Disregard 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 2022/23 Local Support for Council Tax scheme as set out in paragraph 2.4, and the War Pensions Voluntary Disregard as set out in paragraph 2.5;
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2022/23 subject to the continuing involvement of the other partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.

### Tracking

Executive:	22 November 2021, 20 December 2021
Scrutiny:	BTSP 07/12/21; HWSP 25/11/21; EGSP 02/12/21
Council:	1 February 2022 (Budget Resolution)

## 1. Background

This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2022/23 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 2022/23 and 2026/27. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Band D Council Tax	£222.20	£227.20	£232.20	£237.20	£242.20	£247.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.25%	2.20%	2.15%	2.11%	2.06%

Although no formal announcement has been made it has been assumed that the Local Government Funding Settlement will continue to reflect that the core referendum limit of 2% be continued that will allow Shire District Councils to increase council tax by either 2% or £5, whichever is higher. More details will be provided later in the year.

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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
MTFP Tax Base	34,666.41	35,013.07	35,363.20	35,716.84	36,074.04	36,434.75
MTFP Council Tax Yield (£000)		£7,955	£8,211	£8,472	£8,737	£9,007

### 2.2 Council Tax Surplus/Deficit

The Medium-Term Financial Plan assumes that there will be a deficit on the Collection Fund for Council Tax of £41,000 for 2022/23 and 2023/24 before returning to an expected surplus of £50,000 from 2024/25. 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. This estimate for the 2021/22 surplus/deficit will not be known until the calculation is made on 15 January 2022 (the statutory date for calculation). The surplus/deficit position is also likely to be affected by the ongoing current Covid situation, although collection rates have improved in 2021/22 from what they were in 2020/21.

### 2.3 Council Tax Base

The Medium-Term Financial Plan assumes that the Tax Base for Council Tax purposes will grow by 1% per annum. The tax base is not formally calculated for inclusion in the budget process until early January and relies on information to be provided by the Valuation Office on the number of households in the area. The taxbase is also adjusted for the expected number and type of discounts to be given against each Council Tax Banding. These adjustments for discounts also take into account the number of claimants for Local Support for Council Tax Discount, under the Council Tax Reduction Scheme.

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

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

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

Under CTRS, qualifying claimants have their Council Tax reduced/fully rebated through a discount scheme which reduces the taxbase. This leads to a loss of Council Tax income which, since April 2019, the cost of which falls entirely to the Council as set out in the Table below. The impact of this increase is built into the MTFP.

Table one: Cost of CTRS to Carlisle City Council

Financial Year	Amount Awarded £	Carlisle Share of Amount Awarded	Carlisle Share of RSG Grant	Net Cost to Carlisle	Amount Paid to Parishes	Funded by Carlisle CC
2013-14	7,201,667	878,603	816,214	62,389	53,884	<b>8,505</b>
2014-15	6,850,598	835,773	619,637	216,136	53,884	<b>162,252</b>
2015-16	6,618,910	807,507	447,582	359,925	53,884	<b>306,041</b>
2016-17	6,764,774	825,302	306,030	519,272	53,884	<b>465,388</b>
2017-18	6,809,148	803,479	171,257	632,222	30,154	<b>602,068</b>
2018-19	7,050,186	824,872	89,516	735,356	14,775	<b>720,581</b>
2019-20	7,102,482	816,785	0	816,785	0	<b>816,785</b>
2020-21	7,627,622	861,921	0	861,921	0	<b>861,921</b>
2021-22	7,835,801	869,774	0	869,774	0	<b>869,774</b>
2022-23 (indicative)	8,128,077	902,217	0	902,217	0	<b>902,217</b>
2023-24 (indicative)	8,431,254	935,869	0	935,869	0	<b>935,869</b>

The Carlisle Share of the amount awarded is based on the Council's 11.3% 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.

### Local Discretion CTRS

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

- As pensioners (2,776 cases) are protected under the regulations, any Council Tax levied would only be against working age CTRS claimants (4,865 cases);
- It was concerned about the impact of any reduction to CTRS given the other welfare cuts, especially in relation to low income working households. For example, a 20% reduction in CTRS that many Authorities have introduced would cost the average claimant £200 – 250 per annum or £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 2021/22 only 74 Councils out of 309 have no minimum payments for CTRS recipients (including the six Cumbrian Districts who have maintained a fully rebated CTRS Scheme).

## Options for Change

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

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

It should be noted that the Cumbria Scheme is unusual in both continuing to offer 100% support and remaining unchanged since the introduction of CTRS in 2013/14. As a result, the option of "No Change", whilst leaving Cumbria in the minority nationally, makes good sense for each District Council. However, several Councils' that had schemes where residents had a charge to pay are reducing the minimum contributions for Working Age claimants due to poor rates of collection as the intentions of the changes have not been as effective as anticipated. The importance of making changes "right first time" is key to ensuring that a fair and appropriate scheme is available to avoid regular revisions and tweaks to correct inconsistencies. In addition, experience in neighbouring authorities, where Universal Credit Full Service is operational also needs to be taken into account to reduce the number of reassessments to cases. Reducing the administration of awards as administration funding is withdrawn is also a significant factor.

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

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

Only (i) would raise significant income for the Council and in 2022/23 only £112,000 which would probably only just cover the Council's costs of collection and bearing in mind the likely write-offs, unlikely to make business sense.

As the cost of fully funding CTRS will be £902,000 by 2022/23, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the

County Council and Police & Crime Commissioner, as consultees to any proposed changes.

**It is therefore recommended that the current statutory default scheme be continued for 2022/23.**

## **2.5 War Widows Pension Disregard**

The Housing Benefit and Council Tax Reduction Scheme assessments are determined in accordance with the Modified Scheme provisions, under which a 100% voluntary disregard is applicable of War Disablement Pensions, War Widows Pensions and War Widowers' Pensions, under Section 134(8) and 139(6) of the Social Security Administration Act 1992.

**It is recommended that that existing disregard continues for 2022/23.**

## **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:

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Baseline Funding	3,402	3,470	3,539	3,610	3,682
Additional Business Rate Income	900	900	900	900	900
	4,302	4,370	4,439	4,510	4,582

These figures will be subject to change during the budget process, especially in relation to the additional business rate income given the continuation of the Cumbria Pooling arrangements in 2022/23; paragraph 3.2 refers. Early indications are that the sum can be increased by £1,800,000 as a result of the continuation of the pool, and overall growth when compared to the baseline funding.

DLUHC announced on 10 November that the government has now abandoned plans to allow councils to retain 75% of their business rates as it would conflict with their agenda for 'levelling up'. Instead, the government will now look at the mechanism for redistributing funding to the authorities most in need.

The Government has previously consulted on the proposed additional burdens (costs previously supported by grants) to be passed on to local authorities as part of any changes to the rates retention scheme and local government keeping a greater share of locally generated income. 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 £124,000 for LSCT administration and £280,000 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.

The Autumn Budget and Spending Review announced additional Business Rate support in 2022/23 in terms of a 50% Business Rate Relief for Retail, Hospitality and Leisure Sector up to a cap of £110,000; a freeze of the business rate multiplier for 2022/23; and a 12-month 100% rates relief scheme for qualifying improvements - to be subject to a consultation with a proposed implementation of 2023 and a review in 2028. All the proposed reliefs should be funded via a S31 Grant and/or special compensation grant.

### **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 £712,000 in 2020/21.

The MHCLG has decided not to revoke the existing legislation governing pooling arrangements, and therefore the pooling arrangements can continue for 2022/23 if all participating members agree. The principle of continuing in the Cumbria Pool was provided to the DLUHC by 8<sup>th</sup> October 2021.

**It is therefore proposed that the Council continues to participate in the Cumbria Pool for 2022/23.**

#### 4.0 **Summary of assumptions**

- A £5 (Band D equivalent) Council Tax increase for 2022/23 onwards.
- A Council Tax deficit for 2022/23 and 2023/24 of £41,000, with a £50,000 surplus from 2024/25. The actual figure for 2022/23 will be available in January.
- Retained business rates are assumed at the Baseline level with an inflationary increase, with an additional sum to be achieved through growth/section 31 grants and from the benefits of Pooling in 2022/23;
- An assumed tax base of 35,013.07 for 2022/23. The final tax base for 2022/23 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2022/23 is for a total of £726,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in January.

For information, broadly:

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

#### 5.0 **Risks**

- 5.1 There are risks around the future certainty of business rates income that could have a material impact on the budget of the Council. Council Tax increases are currently budgeted at the maximum allowable (£5) under existing capping limits; however, any increase is subject to confirmation of the allowable increases by Central Government later in the year.

#### 6.0 **Consultation**

- 6.1 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.

#### 7.0 **Recommendations**

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2022/23 Local Support for Council Tax scheme as set out in paragraph 2.4, and the War Pensions Voluntary Disregard as set out in paragraph 2.5;
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2022/23 subject to the continuing involvement of the other



partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.

## **8.0 Contribution to the Carlisle Plan Priorities**

8.1 To ensure that a balanced budget is set.

### **Contact details:**

Contact Officer: Steven Tickner Ext: 7280

### **Appendices attached to report:**

- 

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

- None

### **Corporate Implications:**

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

**Property Services** - There are no property implications

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

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

**Information Governance**- There are no information governance implications.



# Report to Council

Meeting Date: 14 September 2021  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Yes: Recorded in the Notice Ref: KD08/21  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2022/23 to 2026/27  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD.36/21

## Purpose / Summary:

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

## Recommendations:

The Council is asked to:

- (i) approve the Medium-Term Financial Plan for the period 2022/23 – 2026/27.

## Tracking

Executive:	<b>2 August 2021</b>
Scrutiny:	<b>26 August 2021</b>
Executive:	<b>31 August 2021</b>
Council:	<b>14 September 2021</b>

## **1. BACKGROUND**

- 1.1 The Medium-Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2022/23 to 2026/27. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 17 February 2021. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.
- 1.3 The MTFP has been prepared at a time of continued uncertainty in respect of the economy, especially in terms of the impact of Covid-19 and also in terms of the Government's wider approach to Public Sector Funding in general and particularly for Local Government Funding.

## **2. KEY DATES**

- 2.1 Following consideration of the current MTFP and other key Policy documents by the Executive and Business and Transformation Scrutiny Panel, these will be formally approved by Council on 14 September 2021.
- 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 22 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.3 Development of the budget consultation documents was undertaken as part of previous year's process with improved visuals produced including a 'Have your say' document. This provided more clarity on the budget pressures the Council faced and assisted stakeholders in their understanding of the budget process

## **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:

- Further clarity on the future of local government funding through the Spending Review, Fair Funding Review and any changes to future Business Rate Retention schemes, that may pass on added responsibilities to the Council;
- Achievement of transformation savings;
- Further reductions in government grant as part of the Fair Funding Review, e.g. New Homes Bonus, Housing Benefit Admin Grant;
- Longer term impact of COVID-19

### 3.2 Local Government reorganisation

The Council was notified on 21 July of the outcome of the consultation into proposed Local Government Reorganisation (LGR) in Cumbria. The MTFP and Capital Investment Strategy have both been prepared based on the Council in its existing form and structure as a going concern for the next 5 years. However, the decision announced on 21 July notified the Council that, subject to Parliamentary approval, two new unitary authorities would replace the current local government structure in Cumbria, with Carlisle joining with Copeland and Allerdale areas to form a new unitary authority covering the west of the County, effective from 1<sup>st</sup> April 2023. The Council still needs to approve a revenue budget, council tax requirement and a capital investment programme for 2022/23. Therefore, the financial plans beyond this date are for illustrative purposes only and will fall under the responsibility of the new proposed Authority.

Any new Local Authority established will prepare its own Medium-Term Financial Plan for 2023/24 and beyond.

- 3.3 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:
- More commercial and investment opportunities

## 4. **RISKS**

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

## 5. **CONSULTATION**

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

- 5.2 The Business and Transformation Scrutiny Panel considered the MTFP on 26 August.
- 5.3 The Budget Process and MTFP are also informed by consultation with wider stakeholders, including residents. Each year the Council consults with the Business Community and also carries out public consultations as appropriate

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

The Council is asked to:

- (i) approve the Medium-Term Financial Plan for the period 2022/23 – 2026/27.

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

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

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**Appendices** Appendix 1 – Medium Term Financial Plan 2022/23– 2026/27  
**attached to report:**

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

- None

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

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

**Finance** – Contained within the MTFP.

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

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

**Property Services** - The Medium-Term Financial Plan links with the Asset Management Plan 2022/23 to 2026/27 to provide details on how the City Council will utilise its property assets to assist with the Council's finances and development new infrastructure for the City.

# Medium-Term Financial Plan

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Carlisle City Council

2022/23 to 2026/27



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## 1.0 Introduction

- 1.1 The overarching policy guidelines of the Medium-Term Financial Plan (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 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 5-year MTFP of any changes to the state of the economy, including the impact of leaving the European Union and the impact of COVID-19, will mean the Council has to be in a position to react effectively to changing situations. The Government's approach to public sector funding beyond 2021/22 in terms of the Review of Local Authorities Relative Needs and Resources, the Business Rate Retention Reform (including pooling arrangements), and the Comprehensive Spending Review, will be a significant factor for the lifespan of this MTFP. The impact of COVID-19 will be one of the most significant risks facing this authority in terms of additional costs, reductions in income, and economic recovery especially in terms of receipts of council tax and business rates income.
- 1.4 The Council was notified on 21 July of the outcome of the consultation into proposed Local Government Reorganisation (LGR) in Cumbria. The MTFP and Capital Investment Strategy have both been prepared based on the Council in its existing form and structure as a going concern for the next 5

years. However, the decision announced on 21 July notified the Council that, subject to Parliamentary approval, two new unitary authorities would replace the current local government structure in Cumbria, with Carlisle joining with Copeland and Allerdale areas to form a new unitary authority covering the west of the County, effective from 1<sup>st</sup> April 2023. The Council still needs to approve a revenue budget, council tax requirement and a capital investment programme for 2022/23. Therefore, the financial plans beyond this date are for illustrative purposes only and will fall under the responsibility of the new proposed Authority.

Any new Local Authority established will prepare its own Medium-Term Financial Plan for 2023/24 and beyond.

- 1.5 The Medium-Term Financial Plan therefore continues to provide 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 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 (subject to outcome of Local Government Reorganisation announcement);
- Manage performance management and decision-making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.1m over the life of the MTFP subject to an annual risk assessment (Appendix A);
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Commitment to minimise staff compulsory redundancies;
- Consider the impact of any other Government Budget initiatives e.g. Reset of Retained Business Rates scheme, Business Rate Baseline resets, the Fair Funding Review and any Comprehensive Spending Review implications;
- Assess the impact on the Council's budget of national economic recovery following Covid-19 pandemic and BREXIT, 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;
- Consideration to the use of revenue grants received and held in the Revenue Grants Earmarked Reserve to support the revenue budget;

- Develop and implement a robust savings and additional income plan to achieve the recurring savings targets of £2.050m by 2023/24;
- Undertake and implement a base budget review.
- Limit revenue budget bids to those which are unavoidable, and which cannot be accommodated within existing base budgets.

#### Revenue Budget Assumptions:

- *Reduction in overall funding from Business Rates of £1,800,000 for 2022/23 pending notification and implications of revised retentions scheme, pooling arrangements and baseline reset;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 2%.*

### Financial Principle 2 – Commercial and Income Generation

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

#### Charging/Income Assumptions:

- *Income from fees and charges currently achieve approximately £5m per annum;*
- *The Corporate Charging Policy assumes that income from fees and charges will increase at 1% above the inflation rate set for expenditure.*

### Financial Principle 3 – Council Tax & Business Rates Policy

- Provide value for money to residents through efficient management of council tax collection;

- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should or can continue for 2022/23 onwards depending upon the outcome of the reset of Business Rate Retention scheme (currently delayed);
- Assessment of the impact of business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief and any additional burdens on councils;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual review and 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 £900,000 above the baseline level set by Government pending the reset and re-design of the Business Rate Retention Scheme.*

#### 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;
- Consider appropriate levels of prudential borrowing that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Undertake an annual review of the Council's MRP policy and its impact on the Council's revenue budget;
- Have a Treasury Management Strategy, that is in compliance with the revised Prudential Code and Treasury Management Code to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Treasury Management Assumptions:

- *Average investment return assumed at 0.3% for 2022/23.*

Financial Principle 5 – Capital Investment

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

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts (including from Asset Disposal Programme) and includes a borrowing requirement to fund the planned programme.*

### 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.
- 3.1.2 A new plan is in the process of being considered by Executive and Scrutiny Panels and will be debated by a meeting of the Full Council in September prior to its adoption. The new plan will continue with a focus on Supporting the Economy and Health & Wellbeing.
- 3.1.3 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.
- 3.1.4 The Medium-Term Financial Plan takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies: -
- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget;
  - The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget;
  - The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio;
  - The Procurement and Commissioning Strategy;
  - Local Plan/Local Development Framework;
  - The ICT Strategy;
  - The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future;
  - There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic



Strategy, Local Environment (Climate Change) Strategy, 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.

## 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 2021/22 to 2025/26 in February 2021 and updated for the 2020/21 outturn position and details are shown below together with the base estimate figures for 2026/27.

2021/22 Revised £000	Summary Net Budget Requirement	2022/23 Budget £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000	2026/27 Proj £000
<b>13,284</b>	<b>Total Recurring Expenditure</b>	<b>12,636</b>	<b>12,686</b>	<b>12,937</b>	<b>13,434</b>	<b>13,679</b>
	<b>Non Recurring Revenue Expenditure</b>					
188	Existing Commitments	228	273	190	0	0
1,721	Carry Forward	0	0	0	0	0
<b>15,193</b>	<b>Total Revenue Expenditure</b>	<b>12,864</b>	<b>12,959</b>	<b>13,127</b>	<b>13,434</b>	<b>13,679</b>
	<b>Less Contributions (from)/to Reserves:</b>					
564	Recurring Commitments Sub Total	(243)	35	209	52	153
(1,909)	Non Recurring Commitments - Existing Commitments	(228)	(273)	(190)	0	0
<b>13,848</b>	<b>Total City Council Budget requirement</b>	<b>12,393</b>	<b>12,721</b>	<b>13,146</b>	<b>13,486</b>	<b>13,832</b>
708	Parish Precepts	726	744	763	782	802
<b>14,556</b>	<b>Projected Net Budget Requirement for Council Tax purposes</b>	<b>13,119</b>	<b>13,465</b>	<b>13,909</b>	<b>14,268</b>	<b>14,634</b>

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

2021/22	Total Funding and Council Tax Impact	2022/23	2023/24	2024/25	2025/26	2026/27
34,666.41 £000	Estimated TaxBase	35,013.07 £000	35,363.20 £000	35,716.84 £000	36,074.01 £000	36,434.75 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
13,848	- City	12,393	12,721	13,146	13,486	13,832
708	- Parishes	726	744	763	782	802
<b>14,556</b>	<b>Total</b>	<b>13,119</b>	<b>13,465</b>	<b>13,909</b>	<b>14,268</b>	<b>14,634</b>
	Funded by:					
(7,703)	- Council Tax Income	(7,955)	(8,211)	(8,472)	(8,737)	(9,007)
(3,335)	- Retained Business Rates	(3,402)	(3,470)	(3,539)	(3,610)	(3,682)
(2,700)	- Business Rate Growth/Pooling	(900)	(900)	(900)	(900)	(900)
(174)	-Business Rate Multiplier Grant	(177)	(181)	(185)	(189)	(193)
64	- Estimated Council Tax Surplus	41	41	(50)	(50)	(50)
(708)	- Parish Precepts	(726)	(744)	(763)	(782)	(802)
<b>(14,556)</b>	<b>TOTAL</b>	<b>(13,119)</b>	<b>(13,465)</b>	<b>(13,909)</b>	<b>(14,268)</b>	<b>(14,634)</b>
£ 222.20	<b>City Council Tax</b> Band D Council Tax	£ 227.20	£ 232.20	£ 237.20	£ 242.20	£ 247.20
£5.00 2.30%	Increase over Previous year: £ %	£ 5.00 2.25%	£ 5.00 2.20%	£ 5.00 2.15%	£ 5.00 2.11%	£ 5.00 2.06%

Table 1b: Summary Budget Position (Funding)

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

#### 4.1.4 Known budgetary changes

Since the budget for 2021/22 was agreed in February there have been some decisions made that will impact on the budgetary projections in the MTFP. The consequences of these will either be included in the budget process for 2022/23 or will see amendments to the 2021/22 budget.

#### ***Tullie House Levelling Up Fund Bid***

Council considered a report at its meeting on 15 June 2021 to support an application for the Levelling up Fund to deliver between £17m and £20m improvements to Tullie House. Council approved to add a contribution from the Council of up to £1.5million to the capital programme to be funded by an increase in the borrowing requirement. Any revenue costs arising from this borrowing requirement will be addressed as part of the budget process and will be included in the overall treasury management projections for 2022/23.

***Economic Development Project Management Office***

Executive considered a report at its meeting of 5 July, and Council, on 20 July, approved a supplementary estimate to establish a Project Management Office (PMO) for the delivery of the different projects and funding awarded in relation to the Future High Street Fund, Town Deal, Levelling Up Fund, Garden Village and Borderlands. The schemes will provide a contribution to the overall cost, however, there was a requirement for the Council to provide additional funding of up to £256,665 over the years 2021/22 to 2023/24 and this will be met from General Fund Reserves. This is now reflected in the Medium-Term Financial Plan.

**4.2 Funding Prospects**

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment which comprises of the Business Rates baseline funding level and information on tariffs and top ups. 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 Spending Review**

A 1-year Spending Review was announced in November 2020 which enabled the government to remain focused on responding to the public health and economic emergency. Therefore, the anticipated longer-term announcements on overall funding available to Local Government for the next few years was deferred. There has also been a delay in the implementation of the Fair Funding Review and Business Rate Retention reset (outlined below). **This will increase uncertainties in the Medium-Term Financial Plan with a further delay to future funding and the implications it will have on the Council.**

**4.2.4 Fair Funding Review & Business Rate Retention**

The Government confirmed that the Review of Relative Needs and Resources ('Fair Funding Review') and 75% Business Rate Retention would no longer be implemented in 2021/22. Due to ongoing pressures and concerns around economic recovery, views throughout the sector are increasingly suggesting

that there will be a further delay of anything up to two years. Therefore, a further one-year settlement is looking likely for 2022/23 with a continuation of the current funding and business rates models.

**Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2021/22.** The Fair Funding Review will also have an impact on and be impacted by revisions to the Business Rates Retention system and also specific grants awarded by central government e.g. New Homes Bonus and Housing Benefit Administration Grant.

#### 4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £900,000 for 2022/23 onwards due to the uncertainties around the potential changes to the Business Rates Retention Scheme. **However, as outlined above, further uncertainty about the future retained business rates scheme beyond 2021/22 means that there may be resets to the scheme that could erode any additional income above baseline levels that have been built up under the previous scheme. Until full details of a future scheme are known it is prudent not to over-estimate any future income from business rates and update the MTFP projections on a year by year basis.**

Due to the deferral of the 75% Business Rates Retention Scheme, the Council continued to participate in the Cumbria Business Rates Pool, during 2021/22, which enables the County and the Council to retain more of the growth it generates. Given that the Retention Scheme has been deferred again, the specific impact on Carlisle is yet to be understood, but any proposals will likely come with an understanding that local authorities will have to take on additional responsibilities (e.g. absorbing some current one-off grants such as Housing Benefit Administration Grant), which may mean additional cost pressures.

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

	Budget	Forecasts				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Business Rates Baseline	(3,335)	(3,402)	(3,470)	(3,539)	(3,610)	(3,682)
% Change		2%	2%	2%	2%	2%
Rates Growth/Pooling	(2,700)	(900)	(900)	(900)	(900)	(900)
% Change		-67%	0%	0%	0%	0%
<b>Total Funding</b>	<b>(6,035)</b>	<b>(4,302)</b>	<b>(4,370)</b>	<b>(4,439)</b>	<b>(4,510)</b>	<b>(4,582)</b>

Table 2: Business Rates Funding

#### 4.2.7 Council Tax

The MTFP includes Council Tax increases from 2022/23 onwards at £5 per Band D equivalent.

The MTFP assumes an increase in the taxbase of 1.00% per year and the City Council's share of the Collection Fund Surplus/Deficit is assumed to be a deficit of £41,000 2022/23 and 2023/24 (this includes the 3-year spread of deficits incurred in 2020/21 as a result of Covid-19), returning to a surplus of £50,000 beyond then. The Council received compensation for loss of Council Tax income in 2020/21 in the form of a Tax Income Guarantee Grant of £69,000. This is held in an earmarked reserve and will be released to partially offset the deficit positions.

Any increase in the tax base as a result of new housing developments and/or population increases 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, there will also be a cost of providing council services.

Further work on the net unit cost of providing services for new developments and population growth will be undertaken during this budget process, however, there are expectations that population growth will occur, specifically around the development of the Garden Village. There is uncertainty in estimating the future population of the development. The ONS 'Families and households in the UK: 2020' survey reports on the trends in living. This survey states that the average household size in the UK is 2.4. A simplistic

population estimate for a full completed project would therefore be 24,000. This growth would obviously be delivered over a number of years.

The recently released ONS population estimate has a Carlisle population of 108,524 as of mid-2020.

As of 20 July, the latest Valuation Office data indicates that there are 53,717 properties in the Carlisle area. The 2021/22 budget calculated there to be 34,666.41 Band D equivalent properties liable for Council Tax. The table below shows how the original budget is broken down per property, head of population and Band D equivalent.

Service Area	2021/22 Original Budget	Net Spend per Property	Net Spend per Head of Population	Net Spend per Band D Equivalent Household	Amount of net spend funded by Annual Band D Council Tax
	£	£	£	£	£
Environmental & Regulatory Services	837,600	15.59	7.72	24.16	13.91
Housing Support	642,500	11.96	5.92	18.53	10.67
Economic Development	974,700	18.15	8.98	28.12	16.19
Green Spaces	1,079,000	20.09	9.94	31.13	17.92
Corporate Services	4,430,400	82.48	40.82	127.80	73.57
Enforcement & Parking	(290,600)	(5.41)	(2.68)	(8.38)	(4.83)
Property Services	(1,764,500)	(32.85)	(16.26)	(50.90)	(29.30)
Street Cleaning	1,179,500	21.96	10.87	34.02	19.59
Refuse & Recycling	2,283,300	42.51	21.04	65.86	37.92
Leisure and Culture	4,009,100	74.63	36.94	115.65	66.57
	<b>13,381,000</b>	<b>249.10</b>	<b>123.30</b>	<b>385.99</b>	<b>222.20</b>

Table 3: Net Spend per property, head of population and Band D equivalent.

The MTFP also assumes continuation of the statutory Council Tax Reduction Scheme (CTRS) as the Council's localised scheme. Any support provided through the Council Tax Reduction Scheme will be fully funded by all the main preceptors on the Collection Fund i.e. the Council, the County Council and the Police & Crime Commissioner. Consideration will need to be given as to whether this scheme is to be continued in the same format or incorporate changes to the level of support provided.

	Budget	Forecasts				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Council Tax Base	34,666.41	35,013.07	35,363.20	35,716.84	36,074.01	36,434.75
% Change		1.00%	1.00%	1.00%	1.00%	1.00%
	£000	£000	£000	£000	£000	£000
Council Tax Surplus / Deficit	41	41	(50)	(50)	(50)	(50)
% Change		0%	-222%	0%	0%	0%
Band D Council Tax	222.20	227.20	232.20	237.20	242.20	247.20
% Change		2.25%	2.20%	2.15%	2.11%	2.06%
<b>Total Yield</b>	<b>(7,703)</b>	<b>(7,955)</b>	<b>(8,211)</b>	<b>(8,472)</b>	<b>(8,737)</b>	<b>(9,007)</b>

Table 4: Council Tax Funding

A significant risk relates to how the expected overall increase in CTRS claimants (as a result of COVID-19), and the associated cost of CTRS relief, will be funded and be provided to the Council. An increase in claimants directly impacts on the council tax base and ultimately the yield from 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 review of base budgets, including income generation to ensure compliance with best practice and outcome based budgeting and other appropriate budget disciplines.

The Peer Review undertaken in 2020 recommended 3 actions which Members may wish to consider as part of this Savings Strategy:

- Develop a commercial strategy which defines what commercialisation means in Carlisle, risk appetite and potential scope of commercial activity;
- Develop and implement a robust savings and additional income plan to close the anticipated £1million per annum funding gap (from 1<sup>st</sup> April 2021);
- Undertake and implement a base budget review.

These are all addressed through the Financial Principles and the Efficiency Strategy.

#### 4.3.2 The savings currently included in the MTFP total £2.050million by 2023/24.

	<b>Cumulative savings required £</b>	<b>In year savings required £</b>
2021/22	500,000	500,000
2022/23	1,200,000	700,000
2023/24	2,050,000	850,000
2024/25	2,050,000	0
2025/26	2,050,000	0
2026/27	2,050,000	0

Table 5: Savings

#### 4.3.3 Further savings will be dependent upon future funding settlements, local government reorganisation, Council Tax increases, 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.

#### 4.3.4 As part of the 2020/21 outturn position, a provision of £1.6million was set aside in an Operational Risk earmarked reserve to offset the savings requirements for 2021/22 – 2023/24. Areas where savings can be made have

been identified and these can be actioned when necessary once the uncertainties highlighted above become clearer which will then also require revised savings requirements to be calculated.

## 5.0 Provisions, Reserves & Balances

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

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

### 5.2 General Fund

5.2.1 Having undertaken a risk assessment considering the risks and working balances required, the balance on the General Fund reserve indicates that this should broadly equal £3.1m as a prudent level. The risk-based assessment of the appropriate level of this reserve is carried out as part of the budget process and the current assessment is shown at **Appendix A**, which will be updated during this budget process. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes retention of business rates.

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

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

### 5.3 **Earmarked Reserves**

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

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

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

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

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

	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000	31/03/2026 £000
General Fund Reserve	3,100	3,100	2,992	2,754	2,773	2,825
Projects Reserve	1,708	363	0	0	0	0
Carry Forward Reserve	628	628	628	628	628	628
	5,436	4,091	3,620	3,382	3,401	3,453
<b><u>Revenue Earmarked Reserves</u></b>						
Flood Reserve	4	4	4	4	4	4
Cremator Reserve	1,196	846	(54)	(54)	(54)	(54)
City Centre Reserve	5	5	5	5	5	5
Planning Services Reserve	206	206	206	206	206	206
Prosecutions Reserve	36	36	36	36	36	36
Waverley Viaduct Reserve	30	30	30	30	30	30
Revenue Grants Reserve	2,141	2,141	2,141	2,141	2,141	2,141
Business Rates S.31 Grant Reserve	9,463	0	0	0	0	0
Operational Risk Reserve	3,200	3,200	3,200	3,200	3,200	3,200
Council Tax Hardship Grant Reserve	359	0	0	0	0	0
Council Tax Tax Income Guarantee Scheme Reserve	69	0	0	0	0	0
Economic Recovery Reserve	50	0	0	0	0	0
Apprentices Reserve	96	96	96	96	96	96
Building Control Reserve	24	24	24	24	24	24
	16,879	6,588	5,688	5,688	5,688	5,688
<b>Total Revenue Reserves</b>	<b>22,315</b>	<b>10,679</b>	<b>9,308</b>	<b>9,070</b>	<b>9,089</b>	<b>9,141</b>

Table 6: Revenue Reserves

5.3.4 The MTFP does not assume any use of earmarked reserves beyond 2021/22 except for those amounts set aside as a result of Covid-19; Business Rates S.31 Grant, Council Tax Hardship Grant and Council Tax 'Tax Income Guarantee' Scheme grant all of which will be utilised in 2021/22.

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:

	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000	31/03/2026 £000
<b>Capital Earmarked Reserves</b>						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	126	126	126	126	126	126
Lanes Capital Reserve	90	105	120	135	150	165
<b>Total Capital Reserves</b>	<b>216</b>	<b>231</b>	<b>246</b>	<b>261</b>	<b>276</b>	<b>291</b>

Table 7: 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 Corporate Director of Finance and Resources.

#### 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 Corporate Director of Finance and Resources**

5.6.1 The Corporate Director of Finance and Resources 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

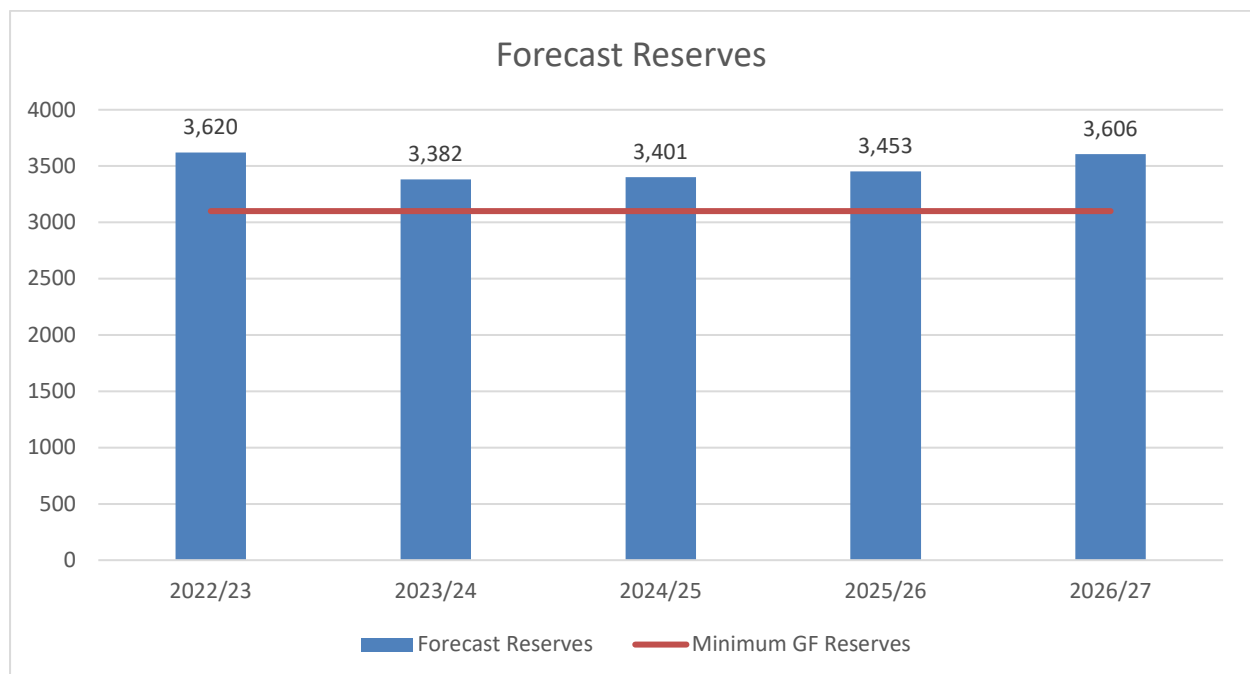
budget requirement,

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

## 5.7 **Planned Use of Reserves**

5.7.1 When the budget was set in February 2021, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2020/21 now confirmed, the General Fund Reserve and Projects Reserve has been updated as shown in Table 5 above. This shows that General Fund Reserve balances are expected to be significantly above minimum levels at £4.091million in 2021/22 and remain over minimum levels throughout the life of the MTFP. Although there is some use of reserves in the short-term the current MTFP assumes that this will reverse in the medium-term.



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

## 6.0 Income

### 6.1 **Fees & Charges**

- 6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.
- 6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.
- 6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control and licensing.
- 6.1.4 The main areas of fee generating income, subject to the Corporate Charging Policy are shown below. This shows that the income from bereavement services and car parking account for income that is 20% of the overall net budget requirement for 2021/22 and that income from charging is 39% of the overall net budget requirement for 2021/22.
- 6.1.5 Income from fees and charges are reviewed through the Charging Review Reports when setting the budget. Where necessary changes to budgets are made to reflect the accurate representation of anticipated income to be generated. However, as income is subject to demand and market conditions, the actual amount of income collected during the year can vary from this budget. In these circumstances, the monitoring of the overall budgetary position of the Council will identify whether the impact of income shortfalls will have on the overall financial position of the Council.



	2019/20 Actual £000	2020/21 Actual £000	2021/22 Budget £000	Proportion of Net Budget Requirement
Car Parking	(1,087)	(349)	(1,056)	8.52%
Bereavement Services	(1,558)	(1,998)	(1,604)	12.94%
City Centre Pedestrianisation	(32)	(15)	(38)	0.31%
Allotments	(18)	(20)	(20)	0.16%
Talkn Tarn Car Parking	(42)	(77)	(43)	0.35%
Special Collections	(43)	(50)	(61)	0.49%
Sports Pitches	(4)	(3)	(5)	0.04%
Dog Policy	(11)	(7)	(10)	0.08%
Garage / MOT Testing	(3)	(3)	(7)	0.06%
Assembly Hall Hire	(9)	(4)	(7)	0.06%
Advertising	(31)	(17)	(70)	0.56%
Old Fire Station	(90)	0	(86)	0.69%
<b>TOTAL COMMUNITY SERVICES</b>	<b>(2,928)</b>	<b>(2,543)</b>	<b>(3,007)</b>	
Development Control	(435)	(516)	(620)	5.00%
Building Control	(357)	(312)	(351)	2.83%
<b>TOTAL ECONOMIC DEVELOPMENT</b>	<b>(792)</b>	<b>(828)</b>	<b>(971)</b>	
Licensing	(278)	(226)	(250)	2.02%
<b>TOTAL LICENCING</b>	<b>(278)</b>	<b>(226)</b>	<b>(250)</b>	
Environmental Protection Act	(14)	(14)	(13)	0.10%
Pest Control	(32)	(21)	(41)	0.33%
Food Safety	(13)	(5)	(3)	0.02%
Hostels	(560)	(340)	(621)	5.01%
DFG Fees	(83)	(87)	(63)	0.51%
HMO Licenses	(30)	(6)	(9)	0.07%
<b>TOTAL ENV. HEALTH &amp; HOUSING</b>	<b>(732)</b>	<b>(473)</b>	<b>(750)</b>	
Homelife Fees	(140)	(98)	(35)	0.28%
<b>TOTAL HOMELIFE</b>	<b>(140)</b>	<b>(98)</b>	<b>(35)</b>	
Land Charges	(102)	(86)	(98)	0.79%
Electoral Register	(2)	(2)	(2)	0.02%
<b>TOTAL GOVERNANCE</b>	<b>(104)</b>	<b>(88)</b>	<b>(100)</b>	
<b>Total</b>	<b>(4,974)</b>	<b>(4,256)</b>	<b>(5,113)</b>	<b>41.26%</b>

Table 8: Main areas of Income

## 6.2 **Property Rentals**

6.2.1 Income received from property rentals is in the region of £4.3 million per annum.

6.2.2 The yield from property rentals included in the MTFP is shown in the following table: -

	<b>2019/20 Actual £000</b>	<b>2020/21 Actual £000</b>	<b>2021/22 Budget £000</b>	<b>Proportion of Net Budget Requirement</b>
The Lanes	(1,028)	(703)	(950)	7.67%
The Market	(68)	(110)	(88)	0.71%
Industrial Estates	(2,655)	(3,568)	(2,808)	22.66%
Misc Properties	(516)	(270)	(453)	3.66%
<b>Total</b>	<b>(4,267)</b>	<b>(4,651)</b>	<b>(4,299)</b>	<b>34.69%</b>

Table 9: Property Income

6.2.4 The MTFP makes no provision for additional rental income from assets via rent reviews.

## 6.3 **Income Levels and Financial Sustainability**

The Council is reliant on a significant amount of income generated from both its asset portfolio (£4.299million in 2021/22) and fees and charges income (£5.113million in 2021/22). Together these are the equivalent of **76%** of the funding received from Council Tax and Business Rates. Therefore, the Council is heavily reliant on these income streams.

The largest single area of income comes from Industrial estates. This income is largely based upon Ground Rents and long-term leases which are relatively secure. These leases are subject to rent reviews and as such can often yield one-off amounts of additional income in respect of any backdating applied.

Income from other property rentals is subject to variation, especially the Lanes income and this has seen increased volatility and downward pressure on the MTFP in the past few years and the budget has been regularly reviewed to ensure it is as accurate before each year begins.

The highest volatility in fees and charges income is experienced from parking income. Again, income pressures have been included in historical budgets to reflect the anticipated income to be generated from parking, however the

added pressures placed upon the budget due to the COVID-19 pandemic could see this downward pressure increase in the coming years. This added pressure may also be experienced in other income generating budgets.

The table below shows the different scenarios for changes in income levels from fees and charges and property income and the impact on both the minimum level of reserves and the current level of reserves. This shows that the Council could sustain a 10% reduction in the level of income before actual reserves would fall below minimum levels.

% Change in SFC Income	Minimum Reserves £000	Reserves at 31/03/22 £000	% Change in Property Income	Minimum Reserves £000	Reserves at 31/03/22 £000
	3,100	4,091		3,100	4,091
-25%	1,822	2,813	-25%	2,025	3,016
-10%	2,589	3,580	-10%	2,670	3,661
-5%	2,844	3,835	-5%	2,885	3,876
-1%	3,049	4,040	-1%	3,057	4,048
0%	3,100	4,091	0%	3,100	4,091
1%	3,151	4,142	1%	3,143	4,134
3%	3,253	4,244	3%	3,229	4,220
5%	3,356	4,347	5%	3,315	4,306
10%	3,611	4,602	10%	3,530	4,521
25%	4,378	5,369	25%	4,175	5,166

#### 6.4 **Grants & Contributions**

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

##### 6.4.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council used to receive an allocation of funding under the scheme each year and each allocation lasted for four years. However, as part of the Local Government Finance Settlement for 2021/22 indicative figures were provided for one year only (with no legacy payments being made in subsequent years) with any new funding beyond 2021/22 being subject to the future Spending Reviews with possible revisions to the scheme too. The MTFP does not therefore assume any new allocations of New Homes Bonus beyond 2021/22; however, it does include the continuation for 4 years of those allocations received in previous years. **Revisions to the New Homes**

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

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

Allocation Year	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
2017/18	(476)				
2018/19	(259)	(259)			
2019/20	(351)	(351)	(351)		
2020/21	(408)	?	?	?	
2021/22		(137)	?	?	?
2022/23			?	?	?
2023/24				?	?
<b>Total</b>	<b>(1,494)</b>	<b>(747)</b>	<b>(351)</b>	<b>0</b>	<b>0</b>

Table 10: New Homes Bonus

#### 6.4.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £423,500 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. Government Funding 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 2022/23 as pressures or savings.

### 7.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£442,100**
- Pension Contribution Rate (Current Service) **19.9%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	13,591	136	272	408
Pension Contribution (£000)	2,262	23	45	68
		Risk		
		High	Medium	Low
<b><u>Pay Award</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Salary Turnover</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Pensions</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - The pay award for 2021/22 has not yet been agreed. 2% is factored into the MTFP.

### 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)	7,747	77	155	232
Income (£000)	(4,450)	(45)	(89)	(134)
		Risk		
		High	Medium	Low
<b><u>Pay Award</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Salary Turnover</u></b>				
Likelihood of Change				
Impact of Change				

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

## 7.4 **Investment Income**

- Investment Returns – As included in the MTFP

	2022/23	2023/24	2024/25	2025/26	2026/27
Investments	0.30%	0.30%	0.30%	0.43%	0.68%
Property Fund	4.00%	4.00%	4.00%	4.00%	4.00%

- Investment Returns – Forecast as of July 2021

	2022/23	2023/24	2024/25	2025/26	2026/27
Investments	0.30%	0.38%	0.50%	0.68%	0.93%
Property Fund	4.00%	4.00%	4.00%	4.00%	4.00%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	23,609	236	472	708
Property Fund Income (£000)	3,289	33	66	99
		Risk		
		High	Medium	Low
<b><u>Investment Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Property Fund Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Average Balances</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved;
  - Capital Investment decisions will affect the Capital Financing Requirement and average balances;
  - The investment returns used when the budget was set in February 2021 will need to be updated given current guidance on when interest rates are expected to change.

## 7.5 **Borrowing**

- Assumed Borrowing - 2021/22 **£29.5m**
- Assumed Borrowing Rate - 2021/22 **1.40% - 1.65%** (As currently included in the MTFP)

Assumed Borrowing Rate – 2021/22 **1.95% - 2.35%** (Forecast as of July 2021)

### **Borrowing assumptions are based on a Principal (capital) and Interest repayment loan**

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

	2022/23	2023/24	2024/25	2025/26	2026/27
CFR	46,624	47,214	47,048	45,890	44,934
MRP	280	409	1,043	1,279	1,244

	Base Level	Sensitivity		
	£000	+/-1%	+2%	+/-3%
Borrowing Rate (£000)	29,500	295	590	885
MRP	280	3	6	8
		Risk		
		High	Medium	Low
<b><u>Increase to Borrowing Rate</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Increase to CFR</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Borrowing assumed in MTFP to support the capital programme;
  - 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 2022/23

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	126	2	50%	4	63	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	256	3	75%	9	192	5% Charges Income forecasts for 2021/22
Underachievement of Investment Income	2	13	1	25%	2	3	0.5% of exposure of average balance of £25m
Insurance Excesses	2	500	2	50%	4	250	Based on maximum excess for flood (£500k)
Fall in Rental Income from Property	3	215	1	25%	3	54	5% of Rental Income (assumed at £4.3m for 2021/22)
Transformation not met	4	2,050	2	50%	8	1,025	Transformation savings still to be agreed
Loss of Income from Retained Business Rates	2	202	1	25%	2	51	5% of Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	500	2	50%	6	250	Not met from earmarked Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
<b>TOTALS</b>		<b>4,862</b>				<b>2,887</b>	
Maximum Risk Based Reserve Balances						<b>4,862</b>	
Minimum Risk Based Reserve Balances						<b>1,215</b>	
<b>Current Level of Reserves (Projected as at 31/03/22) (General Fund including carry forward reserve)</b>						<b>4,091</b>	
<b>Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves</b>						<b>1,204</b>	

## Appendix B – Reserves & Provisions

### Reserves

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
<b><i>Capital Reserves</i></b>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
Lanes Capital Reserve	90	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
<b><i>Revenue Reserves</i></b>				
General Fund Reserve	3,100	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through</p>	This reserve is still required

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
			<p>consideration of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	
Projects Reserve	1,708	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	Management of the reserve rests with the Corporate Director of Finance and Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Carry Forward Reserve	628	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	This reserve has been reviewed and re-allocated to specific projects

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
Building Control Reserve	24	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 Corporate Director of Economic Development via an Officer Decision Notice	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
Cremator Reserve	1,196	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
City Centre Reserve	5	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still required
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Flood Reserve	4	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 Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required and will be released in 2021/22 to support the reinstatement of the Civic Centre

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
Prosecutions Reserve	36	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Revenues Grants Reserve	2,141	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	206	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Apprenticeship Reserve	96	To establish a reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required
Waverley Viaduct Reserve	30	To earmark funds towards the development of the Waverley Viaduct	Management of the Reserve Rests with the Corporate Director of Governance & Regulatory Services. Approval to release funds from the reserve only be given by the Corporate Director of Governance & Regulatory Services.	This reserve is still required
Operational Risk Reserve	3,200	To provide funds to support potential ongoing pressures in relation to Covid (£0.5m), Local Government Reorganisation/Transformation projects (£0.5m), treasury management pressures (£0.6m)	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Executive of the Council following the advice of the Corporate Director of Finance and Resources.	New Reserve

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
		and savings to be achieved (£1.6m).		
Council Tax Hardship Grant Reserve	359	A reserve to hold available Covid related Council Tax Hardship Grant.	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources in consultation with the portfolio holder.	New Reserve
Council Tax Tax Income Guarantee Scheme Reserve	69	To hold the balance of the Tax Income guarantee scheme grant received and to be released to partly offset the Council Tax deficit carried forward from 2020/21	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources in consultation with the portfolio holder.	New Reserve
Business Rates S.31 Grant Reserve	9,463	To hold the balance of Section 31 grants received as compensation for loss of business rate income due to expanded retail, leisure and hospitality relief and to offset the deficit carried forward on the Business Rates Collection Fund from 2020/21.	Management of the Reserve rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Finance and Resources.	New Reserve
Economic Recovery Reserve	50	To support economic recovery for local parishes and urban communities as match funding to aid recovery following the COVID pandemic.	Management of the Reserve rests with the Corporate Director of Economic Development once eligibility criteria has been established by the Executive. Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Economic Development in consultation with the portfolio holder and Corporate Director of Finance and Resources.	New Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result	Management of the reserve rests with the Corporate Director of Finance and	This reserve is still required

Reserve	Balance 31/3/21	Purpose	Conditions of Use	Future of the Reserve
		of being part of the Cumbria Business Rates Pool	Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	

### **Provisions**

Provision	Balance 31/3/21	Purpose	Future of the Provision
Business Rate Appeals	1,341	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	244	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 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.
Rickergate Ringfenced Account	172	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	34	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives

Provision	Balance 31/3/21	Purpose	Future of the Provision
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
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	4	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	8	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	7	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
Civil Penalties	23	To establish a provision in relation to costs to be funded from Civil Penalties income in accordance with the Housing & Planning Act 2016.	This Provision is still required
S.106 & Other Bonds	1	A provision for a performance bond required in relation to Section 106 agreements.	New Provision
Bequests	19	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 sets an expectation that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2021/22 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 achievement of additional income.

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

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

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

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

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

- Central government policy objectives

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

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

### **4. Trading**

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

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

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

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

**Appendix D – Gross Expenditure Breakdown**

	<b>Original Budget 2021/22 £</b>
<b>Expenditure</b>	
Employee Related	16,452,500
Premises Related	4,040,200
Transport Related	1,431,900
Supplies & Services	4,115,900
Third Party Payments	2,241,100
Transfer Payments	18,105,900
Support Services	12,314,570
Capital Financing Costs	1,553,300
Recharges	(14,519,870)
<b>Total Expenditure</b>	<b>45,735,500</b>
<b>Income</b>	
Government Grants	(1,354,200)
Specific Grants	(18,602,700)
Other Grant/Reimbursements/Contributions	(1,845,600)
Interest	(167,300)
Customer and Client Receipts	(10,384,700)
<b>Total Income</b>	<b>(32,354,500)</b>
<b>Net Budget Requirement</b>	<b>13,381,000</b>
<b>Funded By:</b>	
Council Tax	(7,702,900)
Council Tax Surplus	64,300
Retained Business Rates	(3,509,000)
Business Rates Growth/Pooling	(2,700,000)
Reserves	466,600
<b>Total Funding</b>	<b>(13,381,000)</b>



# Report to Council

Meeting Date: 14 September 2021  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Yes: Recorded in the Notice Ref: KD08/21  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: CAPITAL INVESTMENT STRATEGY 2022/23 – 2026/27  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD.37/21

## Purpose / Summary:

The Council's Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2022/23 to 2026/27. The guidance in this strategy complements and supplements the Medium-Term Financial Plan.

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

## Recommendations:

Council is asked to:

- (i) approve the Capital Investment Strategy for the period 2022/23 – 2022/23.

## Tracking

Executive:	<b>2 August 2021</b>
Scrutiny:	<b>26 August 2021</b>
Executive	<b>31 August 2021</b>
Council:	<b>14 September 2021</b>

## **1. BACKGROUND**

- 1.1 The Capital Investment Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium-Term Financial Plan (MTFP).
- 1.2 The Capital Investment Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 17 February 2021. This position has been updated to reflect any known changes since that date.
- 1.3 The Strategy has been updated to reflect the guidance contained within the recent CIPFA publication '*Capital Strategy Guidance 2021, a whole organisation approach*', and now includes more details on the Council's Strategic Vision and Long-Term Ambitions.

## **2. KEY MESSAGES**

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
  - The re-profiling of asset sales will be updated as part of the budget process, especially in regard to the timing and level of receipts impacted as a result of COVID-19; this may have a significant impact on the revenue budget through the requirement to fund the capital programme with an additional 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 The Council was notified on 21 July of the outcome of the consultation into proposed Local Government Reorganisation (LGR) in Cumbria. The MTFP and Capital Investment Strategy have both been prepared based on the Council in its existing form and structure as a going concern for the next 5 years. However, the decision announced on 21 July notified the Council that, subject to Parliamentary approval, two new unitary authorities would replace the current local government structure in Cumbria, with Carlisle joining with Copeland and Allerdale areas to form a new unitary authority covering the west of the County, effective from 1<sup>st</sup> April 2023. The Council still needs to approve a revenue budget, council tax requirement and a capital investment programme for 2022/23. Therefore, the financial plans beyond this date are for illustrative purposes only and will fall under the responsibility of the new proposed Authority.

Any new Local Authority established will prepare its own Medium-Term Financial Plan for 2023/24 and beyond.

### **3. RISKS**

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

### **4. CONSULTATION**

- 4.1 The Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel considered the report on 26 August.

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

- 5.1 Council is asked to:
- (i) approve the Capital Investment Strategy for the period 2022/23 – 2022/23.

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

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

**Contact Officer: Steven Tickner**

**Ext: 7280**

**Appendices**                      **Appendix A – Capital Investment Strategy 2022/23 to 2026/27**  
**attached to report:**        **Appendix B – Carlisle Plan Map of Investment**

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

**CORPORATE IMPLICATIONS/RISKS:**

**Legal** – The Council has a fiduciary duty to manage its resources correctly. The Capital Investment Strategy is an important part of the budgetary process and seeks to ensure a planned and coordinated approach to the delivery of projects within the parameters of our financial resources.

**Finance** – contained within the report

**Equality** – Strategy includes expenditure forecast for Disabled Facility Grants

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

**Property** – The Capital Investment Strategy links with the Asset Management Plan 2022/23 to 2026/27 to provide details on how the City Council will utilise its property assets to assist with the Council's finances and the development of new infrastructure for the City.



# Capital Investment Strategy

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Carlisle City Council

2022/23 to 2026/27

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## 1.0 Introduction

- 1.1 The Capital Investment Strategy (CIS) is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans and is based on the guidance in the Medium-Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2017) (which is due to be updated later in 2021), reflects the new CIPFA Capital Strategy Guidance 2021 ‘A *whole organisation approach*’ and is required to be approved by Full Council.

The objectives of the Capital Investment Strategy are to:

- Provide an overview of the governance process for approval and monitoring of capital expenditure;
- Provide a longer-term view of capital expenditure plans;
- Provide an overview of asset management planning;
- Provide expectations around debt and use of internal borrowing to support capital expenditure;
- Define the authority’s approach to commercial activities including due diligence and risk appetite;
- Defines the available knowledge and skills to the authority in relation to capital investment activities.

- 1.2 Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes. The Council’s policy on capitalisation is included in the Accounting Policies of the Statement of Accounts. The policy states that items of vehicle, plant and equipment over £5,000 will be capitalised and expenditure on land, buildings and other structures over £20,000 will be capitalised. Expenditure under these limits is deemed to be a revenue cost.

- 1.3 The Council was notified on 21 July of the outcome of the consultation into proposed Local Government Reorganisation (LGR) in Cumbria. The MTFP and Capital Investment Strategy have both been prepared based on the Council in its existing form and structure as a going concern for the next 5 years. However, the decision announced on 21 July notified the Council that, subject to Parliamentary approval, two new unitary authorities would replace the current local government structure in Cumbria, with Carlisle joining with Copeland and Allerdale areas to form a new unitary authority covering the west of the County, effective from 1<sup>st</sup> April 2023. The Council still needs to

approve a revenue budget, council tax requirement and a capital investment programme for 2022/23. Therefore, the financial plans beyond this date are for illustrative purposes only and will fall under the responsibility of the new proposed Authority.

Any new Local Authority established will prepare its own Medium-Term Financial Plan for 2023/24 and beyond.

#### 1.4 **Evaluation and Monitoring of Capital Projects**

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

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

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

- Consideration of all aspects of a capital project by the Transformation Sub-Group, comprising senior officers of the Council, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted to members for consideration as part of the normal budget process.
- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.
- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to Council as required.
- The Senior Management Team and the Executive receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and

objectives have been met and makes recommendations where necessary to improve the delivery of similar projects in the future.

- The Council's Business and Transformation Scrutiny Panel also critically examines the performance in delivering capital projects on a quarterly basis.

## 1.6 **Current Asset Portfolio**

The Council holds a significant asset portfolio that supports both its operational activities and non-operational activities from which it receives significant rental income.

The rental income it receives is used to support Council services and provides a significant proportion of the income it receives. The income from rentals on the non-operational asset portfolio is approximately 60% of what the Council receives in funding from Council Tax.

<b>Asset Category</b>	<b>Valuation 31/03/21 £000</b>	<b>Rental Income £000</b>	<b>Other Income £000</b>	<b>Total Income 21/22 £000</b>
Investment Property	89,379	4,143	0	4,143
Surplus Assets	1,143	0	0	0
Land & Buildings	50,276	0	4,036	4,036
Infrastructure	5,080	0	0	0
Community Assets	4,195	23	0	23
Dwellings	230	0	0	0
Vehicles Plant & Equipment	5,810	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	5,741	0	0	0
<b>TOTAL</b>	<b>181,356</b>	<b>4,166</b>	<b>4,036</b>	<b>8,202</b>

### **Investment Property (Non-Operational)**

These assets include Industrial Estates, land held for capital appreciation and rental income and the Lanes Shopping Centre

### **Surplus Assets (Non-Operational)**

These assets include land held that do not generate significant rental incomes or are held for capital appreciation

**Assets Held for Sale (Non-Operational)**

This relates to assets that have been identified for sale and are in the process of being disposed at the Balance Sheet date.

**Land & Buildings (Operational)**

These are operational properties that are used to deliver council services and include Council accommodation, community centres, car parks and hostels

**Infrastructure (Operational)**

These assets include bridges and footpaths

**Community Assets (Operational)**

These assets include parks and open spaces

**Dwellings (Operational)**

These assets are primarily homeshares used by the homelessness service

**Vehicles, Plant and Equipment (Operational)**

These assets are used in the delivery of Council services and include all Council owned vehicles, IT equipment, play equipment and green spaces equipment

**Heritage (Operational)**

These assets relate to items of heritage and include the Tullie House Museum Collection and statues and monuments.

**Assets Under Construction (Non-Operational)**

These are assets that are in the course of construction but have not yet been completed.

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2021, this totalled £12.8million, which represents a debt cover ratio of 7.05%.

## 2.0 Financial Principles supporting the Capital Investment Strategy

2.1 Capital expenditure is to be incurred in line with Financial Procedure Rules as follows:

- The Corporate Director of Finance and Resources is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council (FPR2.14);
- Capital Programme – Key controls and responsibilities of the Corporate Director of Finance and Resources and Corporate Directors (B.51 – B.66).

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;

- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;
- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Review the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revision;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
  - Review of existing capital programme to ensure that schemes are still required and are accurate;
  - Maximisation of the use of grants and contributions from external sources;
  - Providing a recurring revenue contribution to the capital programme;
  - Invest to save schemes that can repay the capital investment over a period of time.

Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*

### 2.3 **Carlisle Plan and Other Council Strategies, Plans and Policies**

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

A new plan is in the process of being considered by Executive and Scrutiny Panels and will be debated by a meeting of the Full Council in September prior to its adoption. The new plan will continue with a focus on Supporting the Economy and Health & Wellbeing.

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

The Capital Investment Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of



resources by the Council. Particularly consideration is given to the following key strategies:

- The Medium-Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The 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, Local Environment (Climate Change) 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 Strategic Vision / Long-term ambitions

3.1 The Council recognises the vital contribution its Capital Investment Strategy and its asset portfolio play in the economic growth and health and wellbeing of the area.

#### 3.2 **Economic Strategy**

The Capital Investment Strategy needs to allow the Council to achieve its strategic ambition to see economic investment and growth in the City. The CIS also needs to recognise the ambitions of the Council in improving the health and wellbeing of the area.

The priorities and key actions that will require capital investment implications of the Economic Strategy that should inform capital investment decisions are:

- ***Driving housing and population growth***
  - Production a Local Plan for St Cuthbert's Garden Village
  - Remediation of the Caldew Riverside site
  - Development and delivery of the first phase of 'Start with the Park'



*St Cuthbert's Garden Village*

- ***Growing our target employment sectors and levelling up our skills base and productivity***
  - Supporting the redevelopment of the Citadels
- ***Increasing city centre vibrancy***
  - Creation of a new events space at the Greenmarket
  - Redevelopment of the Sands Centre
  - Improvements to the Market Hall
  - Redevelopment of the Central Plaza site

- ***Enhancing digital and transport connectivity***
  - Supporting the delivery of Carlisle Station Gateway project
  - Supporting the delivery of the Southern Link Road and Gateway projects
  - Supporting the production of a Carlisle Local Cycling and Walking Infrastructure Plan
- ***Supporting rural development and innovation***
- ***Promoting Carlisle as a place to live, work and visit***

### 3.3 **Climate Change Strategy**

The Council approved the Local Environment (Climate Change) Strategy in March 2021 with the aim of ensuring that the Council plays its full role in protecting the environment and in the worldwide movement which aims to tackle climate change. The commitment is, subject to public consultation and legal constraints, that all the activities of the Council, all strategic decisions, budgeting, and, in so far as the Council can influence, arrangements with partners, are in line with eliminating pollution and achieving net zero carbon emissions at the earliest possible date.

The Strategy highlights that the following projects are underway, which together will significantly reduce the Council's greenhouse gas emissions:

- Sands Centre Redevelopment.
- Civic Centre Ground Floor Reinstatement.
- Replacement of footway lighting with energy efficient lamps.
- Ongoing replacement of fleet and plant with lower carbon vehicles and equipment.
- Waste management and recycling initiatives at operational sites.

The Council is also delivering projects to help reduce Carlisle district's greenhouse gas emissions:

- Community Electric Vehicle Charging Points.
- Improvements to the cycling and walking infrastructure, increasing the network for active transport.

The Council is also working in partnership to adapt to Climate Change; over the next three years Carlisle will benefit from the delivery of new flood defences and upstream natural flood management projects.

In order to achieve the strategic goal of net zero greenhouse gas emissions the following objectives are set out in the Strategy and will potentially require capital investment decisions to achieve:

**Objective 1:** Reducing emissions from the City Council estate and operations.

**Objective 2:** Reducing energy consumption and emissions from homes and businesses in Carlisle and tackling fuel poverty, by promoting energy efficiency measures, sustainable construction, renewable energy sources and behaviour change.

**Objective 3:** Reducing emissions from transport by promoting sustainable transport, reducing car travel and traffic congestion and encouraging behaviour change.

**Objective 4:** Reducing consumption of resources, increasing recycling and reducing waste.

**Objective 5:** Supporting Council services, residents and businesses to mitigate against and adapt to the impacts of Climate Change



*New electric vehicles*

### 3.4 **Asset Management Plan**

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. The Plan has the following strategies that it aims to follow in managing the Council's property portfolio:

***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 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 Strategy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

***Property Acquisition Principles***

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

**3.5 External and Partner Influences**

Capital investment decisions will be influenced by both internal and external factors.

Projects for inclusion in the capital programme arise from a variety of sources, some of them internally generated and some arising from external factors. The more significant of these are summarised as follows:

<b>Internal Factors</b>	<b>External Factors</b>
Corporate Priorities	Government sponsored programmes, e.g. Disabled Facilities Grants, Town Deal, Future High Street Fund, Borderlands
Investment identified in strategies, policies and plans	Unforeseen emergency works
Work needed to maintain Property assets	Works required to comply with legislation e.g. disabled access, health & safety
Vehicles, Plant and Equipment replacement needs	Projects resulting from partnership activity
ICT Investment and replacement	Availability of external funding
Invest to save projects	Public expectation that works should be carried out

The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. These include, but are not limited to:

- Central Government
- Other Local Authorities
- Health sector
- Further and Higher education sector
- Charity, social and not for profit sector
- Private sector
- Community Projects

## 4.0 Capital Expenditure

### 4.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets will have implications on the revenue budget.

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in new Leisure facilities primarily funded from borrowing that will be offset by a reduction in the subsidy payable on the Leisure contract. The programme also includes provision for a contribution towards the Carlisle Southern Relief Road.

Other capital investment opportunities may present themselves over the lifetime of the MTFP; each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

All business cases are subject to due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 6 (Commercial Activity).

The table below shows the current capital resources before any new decisions around capital investment are made.

	Budget	Forecasts				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Borrowing Requirement B/Fwd	19,521					
Estimated resources available in year (Table 3)	(8,210)	(9,694)	(3,087)	(3,087)	(3,332)	(2,887)
Proposed Programme (Table 2)	29,649	15,662	4,098	3,976	3,462	3,184
<b>In-Year Borrowing Requirement</b>	<b>21,439</b>	<b>5,968</b>	<b>1,011</b>	<b>889</b>	<b>130</b>	<b>297</b>
<b>MRP And Repayment of Debt</b>	<b>(12)</b>	<b>(292)</b>	<b>(421)</b>	<b>(1,055)</b>	<b>(1,288)</b>	<b>(1,253)</b>
<b>Cumulative Borrowing Requirement</b>	<b>40,948</b>	<b>46,624</b>	<b>47,214</b>	<b>47,048</b>	<b>45,890</b>	<b>44,934</b>

Table 1: Current Capital resources

#### 4.2 **Current Expenditure Forecast**

The Council approved the current forecast for the period 2021/22 to 2025/26 in February 2021 and details are shown below adjusted for the outturn from 2020/21 and also for decisions made in relation to capital investment between April and June 2021.



	Budget	Forecasts				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Disabled Facilities Grants	3,387	1,900	1,900	1,900	1,900	1,900
Vehicles Plant & Equipment	837	1,221	1,772	1,680	1,166	888
Property Enhancements	459	250	250	250	250	250
ICT Strategy	314	76	131	101	101	101
Recycling Containers	69	45	45	45	45	45
Leisure Facilities	16,923	3,450	0	0	0	0
Civic Centre Reinstatement	2,082	0	0	0	0	0
Crematorium Infrastructure	350	900	0	0	0	0
Energy Monitoring System	12	0	0	0	0	0
Future High Street Fund - Market Square	100	2,670	0	0	0	0
Planning Software	150	0	0	0	0	0
Play Area Improvements	195	0	0	0	0	0
Bits Park - Towns Deal	129	0	0	0	0	0
Cemetery Infrastructure	36	0	0	0	0	0
Skew Bridge Deck	67	0	0	0	0	0
Paton House	934	0	0	0	0	0
Caldew Riverside Remediation - Towns Deal	843	0	0	0	0	0
Swifts Wildlife Haven	70	0	0	0	0	0
Bits Park Water Feature	10	0	0	0	0	0
Gateway 44	896	0	0	0	0	0
On Street Charging infrastructure	103	0	0	0	0	0
LED Footway Lighting Installation	29	0	0	0	0	0
Rough Sleeping Initiative	10	0	0	0	0	0
Empty Property Grants	112	0	0	0	0	0
Flare Data Management System	0	150	0	0	0	0
Carlisle Southern Relief Road Contribution	0	5,000	0	0	0	0
Tullie House - Levelling Up Fund	1,500	0	0	0	0	0
Bits Park - Public Realm	32	0	0	0	0	0
<b>Total Programme</b>	<b>29,649</b>	<b>15,662</b>	<b>4,098</b>	<b>3,976</b>	<b>3,462</b>	<b>3,184</b>

Table 2: Current Capital Programme

#### 4.3 **Current Resource Forecasts**

The Council's capital programme can be financed, (or paid for), through a variety of sources and the Corporate Director of Finance and Resources will make recommendations on the most effective and efficient way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. Table 3 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Capital Grants & Contributions	4,538	4,346	1,900	1,900	1,900	1,900
Capital Receipts (Asset Review)	1,379	3,461	200	200	445	0
Revenue Financing	2,293	1,887	987	987	987	987
<b>Total Resources Receivable in Year</b>	<b>8,210</b>	<b>9,694</b>	<b>3,087</b>	<b>3,087</b>	<b>3,332</b>	<b>2,887</b>

Table 3: Current Proposed Resources

There is a further £125,590 held within capital grants unapplied account that is not currently allocated to fund specific projects and is therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations.

#### 4.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2022/23 the Council is budgeting to receive £1,899,800. For 2021/22, the final allocation was £2,155,600. The grant continues to be distributed through the County Council, as the Better Care provider, who then allocates funding to the District Councils.

#### 4.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

#### 4.3.3 Capital Receipts

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

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales (after costs) of £3.461million are included in the Capital programme to be achieved in 2022/23.

#### 4.3.4 Borrowing Requirement

The cumulative in-year borrowing requirement in Table 1 identifies a potential need to borrow an additional £29.734million to fund the capital programme over the next five years. The brought forward borrowing requirement of £19.521million compares to actual brought forward external debt of

£13.319million. The current programme includes an expectation of borrowing £29.5million in 2021/22 and a further £6.507million in 2022/23. This does not include any borrowing requirement brought forward. The majority of the revenue cost of the borrowing is to be paid for through a reduction in the Leisure contract fee, increased income from Gateway 44 and potential developer contributions.

#### 4.4 **Asset Management**

A separate Asset Management Plan is produced annually by the Council that outlines the ongoing asset management requirements to maintain the property portfolio. This Plan is considered alongside the MTFP and the Capital Investment Strategy.

The Council also maintains a Fleet Replacement Plan which outlines the anticipated replacement lifecycle for the main items of fleet it requires to operate services. This plan is updated annually and is fed into the budget process to determine the capital requirement.

## 5.0 Debt, Borrowing and Treasury Management

### 5.1 **Borrowing**

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

The Council has identified that it may need to undertake additional borrowing to fund the current capital programme including to support the development of Leisure Facilities, Gateway 44 project, Tullie House and Carlisle Southern Relief Road. The cost of this borrowing is included in the Medium-Term Financial Plan and is also offset by corresponding savings from the Council's Leisure Contract and income generated from Gateway 44, increased income and developer contributions.



*Construction of new leisure facilities*

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. External borrowing of £14million was undertaken through the PWLB in 2019/20 to support the Council's overall borrowing requirement.

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

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

- Review of existing capital programme to ensure schemes are still required and are accurate;
- Maximisation of the use of grants and contributions from external sources;
- Providing a recurring revenue contribution to the capital programme;
- Invest to save schemes that can repay the capital investment over a period of time.

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Council has at the point in time it is taken out. The Council will look to repay all borrowing either before or upon its actual maturity profile.

## 5.2 **The Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.

Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP on a straight-line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Total Capital Expenditure	29,649	15,662	4,098	3,976	3,462	3,184
Capital Resources Receivable in Year	(8,210)	(9,694)	(3,087)	(3,087)	(3,332)	(2,887)
MRP & Other Repayment of Debt <sup>1</sup>	(12)	(292)	(421)	(1,055)	(1,288)	(1,253)
<b>Change in Underlying need to borrow</b>	<b>21,427</b>	<b>5,676</b>	<b>590</b>	<b>(166)</b>	<b>(1,158)</b>	<b>(956)</b>
CFR Brought Forward	19,521	40,948	46,624	47,214	47,048	45,890
<b>CFR Carried Forward</b>	<b>40,948</b>	<b>46,624</b>	<b>47,214</b>	<b>47,048</b>	<b>45,890</b>	<b>44,934</b>
<b>Adjustment A Revision</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>
<b>Adjustment for Assets Under Construction</b>	<b>(19,165)</b>	<b>(20,520)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CFR FOR MRP PURPOSES</b>	<b>17,357</b>	<b>21,678</b>	<b>42,788</b>	<b>42,622</b>	<b>41,464</b>	<b>40,508</b>

Table 4: Capital Financing Requirement

Note 1: Includes the repayment of Transferred Debt

### 5.3 Investment and Reserve Balances

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

At 31 March 2021, the Council had cash and investments of £15.091million. 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 2022, investment balances would be £16.289million. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Total Investments	15,091	16,289	13,808	11,040	9,285	8,555	7,724
<i>Made up of:</i>							
General Fund Reserves	5,436	4,091	3,620	3,382	3,401	3,453	3,606
Capital Reserves	90	105	120	135	150	165	180
Earmarked Revenue Reserves	16,879	7,066	6,166	6,166	6,166	6,166	6,166
Provisions	1,964	1,964	1,964	1,964	1,964	1,964	1,964
Collection Fund Adj Account	(9,570)	(107)	(107)	(107)	(107)	(107)	(107)
Capital Grants Unapplied	126	126	126	126	126	126	126
<b>Total Reserves</b>	<b>14,925</b>	<b>13,245</b>	<b>11,889</b>	<b>11,666</b>	<b>11,700</b>	<b>11,767</b>	<b>11,935</b>
<b>Cash Backed Reserves %</b>	<b>101%</b>	<b>123%</b>	<b>116%</b>	<b>95%</b>	<b>79%</b>	<b>73%</b>	<b>65%</b>
Working Capital	6,368	2,868	2,867	2,867	2,867	2,867	2,867
Capital Receipts applied	0	0	0	0	0	0	0
<b>Total Working Capital &amp; Reserves</b>	<b>21,293</b>	<b>16,113</b>	<b>14,756</b>	<b>14,533</b>	<b>14,567</b>	<b>14,634</b>	<b>14,802</b>
<b>(Surplus Monies) / Internal Borrowing</b>	<b>6,202</b>	<b>(176)</b>	<b>948</b>	<b>3,493</b>	<b>5,282</b>	<b>6,079</b>	<b>7,078</b>

Table 5: Investments and Reserves

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

The surplus monies / internal investments 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 2026/27. Where there is an internal investment shown this represents the use of the Council's own investments to support the borrowing requirement, i.e. internal borrowing. As interest rates are extremely low at the moment, there is little value added by holding cash in investments whilst undertaking external borrowing at higher rates. However, this position also has to be balanced by the Council having enough cash to pay for day to day expenditure. The need to borrow externally at the most appropriate time is constantly reviewed and updated to ensure that the Council borrows at the best available rates and at the most appropriate time.

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

	Outturn	Forecasts					
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
CFR (Underlying Need to borrow)	19,521	40,948	46,624	47,214	47,048	45,890	44,934
Total Borrowing	13,319	41,124	45,676	43,721	41,766	39,811	37,856
<b>(Over)/Under Borrowing Position</b>	<b>6,202</b>	<b>(176)</b>	<b>948</b>	<b>3,493</b>	<b>5,282</b>	<b>6,079</b>	<b>7,078</b>
Less Capital Receipts Applied	0	0	0	0	0	0	0
<b>(Over)/Under Borrowing Position</b>	<b>6,202</b>	<b>(176)</b>	<b>948</b>	<b>3,493</b>	<b>5,282</b>	<b>6,079</b>	<b>7,078</b>

Table 6: Borrowing position

Therefore, the Council is utilising £6.202million of its cash balances to support the borrowing requirement. This is due to the repayment of the Stock Issue loan of £15m in 2020/21 which was not replaced by any new borrowing. 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.

The position shown above shows that by 2026/27 the Council is forecast to be in an under-borrowed position (i.e. its actual external debt is less than the borrowing requirement) and would need to meet this borrowing requirement through the use of its own cash balances (internal borrowing) or by taking out additional external debt if no new capital resources (i.e. receipts or grants) can be generated.

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

### 5.3.1 Debt Financing Costs

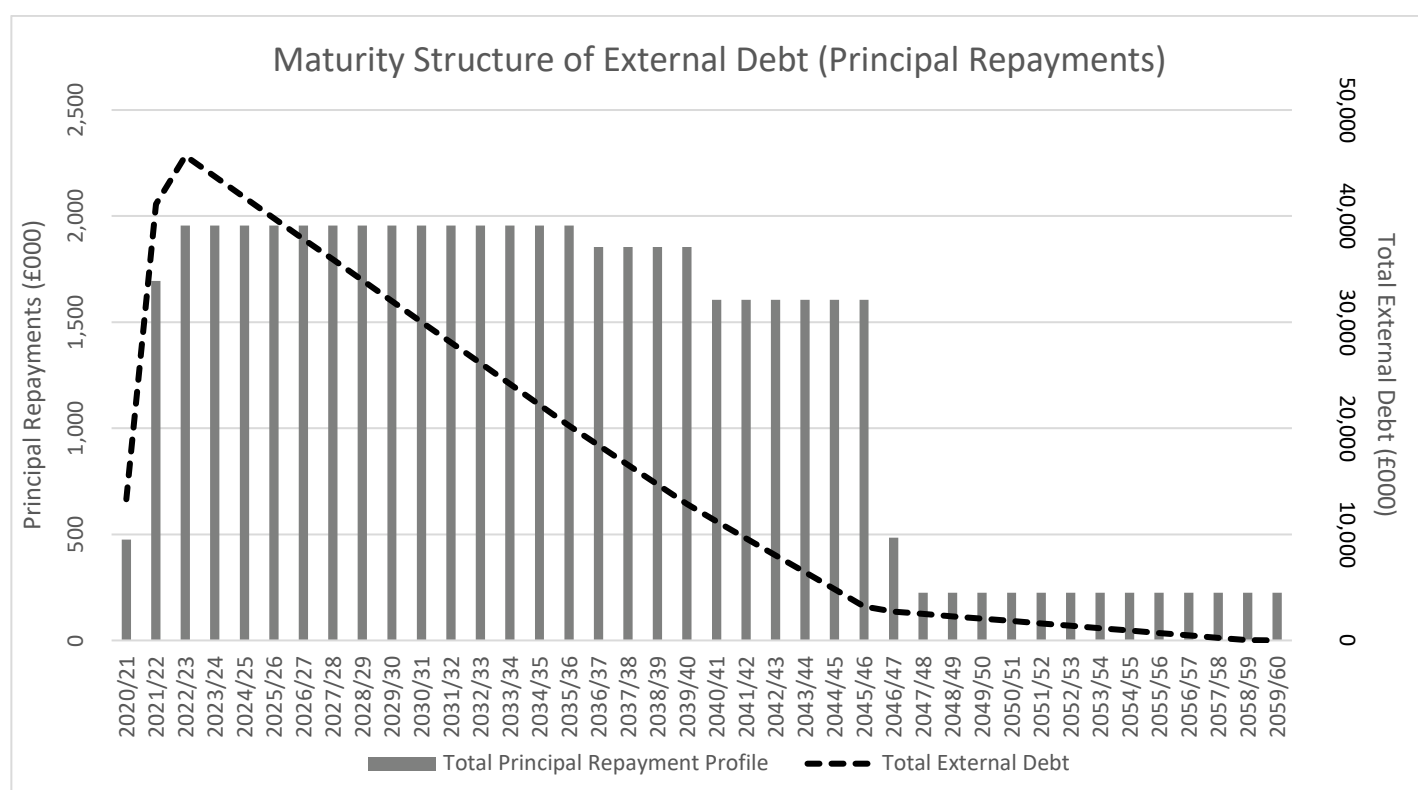
The table below shows the actual and forecast debt financing costs (Interest) for actual and forecast debt and compares to the Council's budget requirement. Interest and MRP are charges against the Council's revenue budget and any changes to the profiling of external borrowing or changes to interest rate assumptions are included in the Treasury Management forecasts when the budget is set.



	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Total Borrowing	41,124	45,676	43,721	41,766	39,811	37,856
Interest	658	734	705	674	645	615
Capital Financing Cost (MRP)	0	280	409	1,043	1,279	1,244
<b>Total Capital Financing Cost</b>	<b>658</b>	<b>1,014</b>	<b>1,114</b>	<b>1,717</b>	<b>1,924</b>	<b>1,859</b>
City Council Budget Requirement	13,848	12,393	12,721	13,146	13,486	13,832
% Financing Costs to Budget Requirement	5%	8%	9%	13%	14%	13%

Table 7 Debt Financing Costs

The repayment profile of the Councils actual and forecast external debt is as follows:

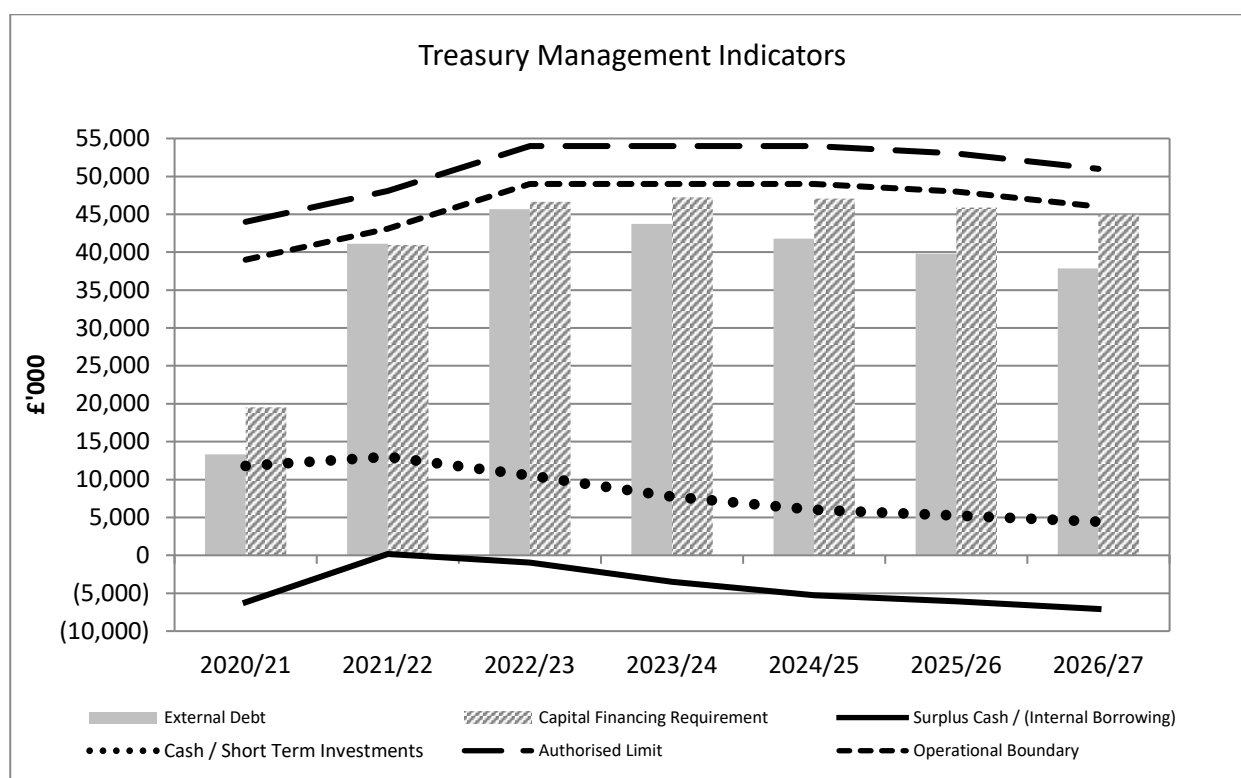


The following table shows the overall movement on external debt:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
External Debt B/Fwd	13,319	41,124	45,676	43,721	41,766	39,811
New External Debt	29,500	6,507	0	0	0	0
Principal Repaid	(1,695)	(1,955)	(1,955)	(1,955)	(1,955)	(1,955)
<b>External Debt C/Fwd</b>	<b>41,124</b>	<b>45,676</b>	<b>43,721</b>	<b>41,766</b>	<b>39,811</b>	<b>37,856</b>

Table 8: External Debt

The graph below shows the forecast overall level of external debt compared to the Capital Financing Requirement (Borrowing requirement).



#### 5.4 **Authorised Limit and Operational Boundary**

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by Council in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the**

**overall authorised limit should not be exceeded without prior Council approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Corporate Director of Finance and Resources to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.

The limits shown below will be reviewed during the consultation process of the Capital Investment Strategy and recommendations will be made in the final versions to be considered by Council in September 2021 on adjusting the limits in line with the current projections for the CFR.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2020/21 actual	2021/22 estimate	2022/23 estimate	2023/24 estimate	2024/25 estimate	2025/26 estimate
	£000	£000	£000	£000	£000	£000
<b>Authorised Limit for External Debt:</b>						
- Borrowing	44,000	48,000	54,000	54,000	54,000	53,000
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>44,100</b>	<b>48,100</b>	<b>54,100</b>	<b>54,100</b>	<b>54,100</b>	<b>53,100</b>
<b>Operational Boundary for external debt:</b>						
- Borrowing	39,000	43,000	49,000	49,000	49,000	48,000
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>39,100</b>	<b>43,100</b>	<b>49,100</b>	<b>49,100</b>	<b>49,100</b>	<b>48,100</b>

Table 9 Prudential Limits

## 6.0 Commercial Activity

6.1 The Council has used its asset portfolio to operate in a commercial manner for many years. Much of the investment property portfolio is held on long term leases which provide a guaranteed rental return from the asset with regular rental review built into the terms of each lease. This way of operating therefore provides some certainty about the income levels receivable.

With reductions in funding the Council is having to look at commercial activities to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term it needs to ensure that any investment opportunities are based upon sound decision making that consider the future likelihood of investment income reducing.

Therefore, when making commercial investment decisions the Council will follow the principles set out below:

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;
- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established.

## 6.2 **Prudential Code Considerations**

- 6.2.1 The recent consultation by HM Treasury on updates to the Prudential Code states, "Local authorities must not pursue a deliberate strategy of using private borrowing or internal borrowing to support investment in an asset that the PWLB would not support and then refinancing or externalising this with PWLB loans. Under the Prudential Code, local authorities cannot borrow from the PWLB or any other lender for speculative purposes and must not use internal borrowing to temporarily support investments purely for yield."
- 6.2.2 Having any "commercial activity" could hinder wider PWLB borrowing to support the capital programme. The revised Prudential Code is scheduled to be

published later in 2021 and will include further definitions of what is deemed to be commercial activity.

6.2.3 Local authorities are to be required to submit their high-level capital and financing plans to MHCLG and will be required to split these into the following categories to ensure that capital projects are not being used to buy investments for yield:

- Service Spending
- Housing
- Regeneration
  - Addressing economic or social market failure
  - Making a significant investment in the asset beyond its purchase price
  - Projects that generate significant additional activity that would not happen without the local authorities intervention
  - Rental income generated are recycled within the project or applied and related to regeneration projects rather than applied to wider services
- Preventative Action
  - Prevents a negative outcome
  - No realistic prospect of support from a source other than the local authority
  - The local authority has an exit strategy
  - The intervention generates a balance sheet asset
- Treasury Management

6.2.4 The guidance issued by HM Treasury states that assets bought primarily for yield would usually have one of the following characteristics:

- Buying land or existing buildings to let out at market rate
- Buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
- Buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly.

## **7.0 Knowledge and Skills**

7.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

### **7.3 Finance**

Finance staff are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the necessary experience of how the Council works having been in post for a number of years. Finance staff also undertake Continuous Professional Development and the Council is an accredited body of the CIPFA (Chartered Institute of Public Finance Accountancy) CPD scheme. They maintain knowledge and skills through regular technical updates from appropriate bodies.

### **7.4 Property**

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer. The Council is a member of ACES – the Association of Chief Estates Surveyors and Property Managers in the Public Sector. The team have extensive property knowledge and have worked for the Council for a number of years.

### **7.5 Legal**

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies.

## 7.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing
- **ChanceryGate** – Property and Asset Management and asset development opportunities in relation to Kingstown Industrial Estate

**APPENDIX A****Capital Programme – Risk Assessment**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	High	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.	Remote	High	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.
VAT partial exemption rules are not considered.	Remote	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 monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
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	High	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	Remote	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.



# Carlisle Plan Map

**Bits Park**  
£150K

- Improvements to Bits Park
- Affordable space for new ventures

**Carlisle Market Hall**  
£3.01m

- Improving 2350M2 of floor space
- Upgrading 1 heritage building
- Supporting 60 businesses
- Creating/supporting 127 jobs
- Generating 20,800 additional visitors (per annum)
- £1,328,000 visitor spend (per annum)

**Project Tullie: Welcome & Entrance to Tullie House Museum**  
£918,000

- Improving 412M2 of floor space
- 7,500 additional visitors (per annum)
- £478,000 visitor spend (per annum)
- 9 jobs supported/created

**Repurposing 6-24 Castle Street**  
£1.1m

- Repurposing vacant units for residential uses
- Increasing both weekend and weekday footfall

**Pedestrian enhancement of Devonshire Street**  
£491,000

- More space for people to walk and spend time sitting outdoors

**Caldew Riverside development site**  
£850,000

- Remediation of a 3.16 Ha (7.81 acres) site
- Potential riverside residential development

**Preparing former Central Plaza site for redevelopment**  
£4.75m

- Redevelopment opportunity



**The Sands Centre Redevelopment**  
£27m

- Hosting an extensive Musculoskeletal Unit
- Sustainable features
- Improve the access opportunities
- Improve the existing opportunities for The Sands to host performances, cultural events, and conferences

**Ground Floor Reinstatement**  
£2.58m

- New entrance, foyer, and Customer Contact Centre
- New Council Chamber
- New staff welfare facilities

**Lighting Up Carlisle**  
£620,000

- 100,000 visitor (per annum)
- £6,180,000 additional visitor spend
- Upgrading 7 heritage buildings
- Supporting 115 jobs
- 300 businesses supported

**Digital and Community Learning Hub (City Centre Library)**  
£2.35m

- Accessible digital skills and community learning hub
- 13 community venues.
- Improving 1,200 M2 of floorspace
- Supporting 1,500 learners
- Supporting 50 businesses
- Supporting 900 people to progress into jobs/self employment
- 4 jobs created/supported

**Reimagining Green Market/ Market Square as Carlisle's events space**  
£2.38m

- 6,000 square metres public events space

**Citadels Business Infrastructure**  
£4m

- 888M2 new business space
- Supporting/creating 149 jobs over 7 years
- Supporting 25 businesses (per annum)

**Citadels University Campus**  
£50m

- New campus for University of Cumbria
- New gateway for Carlisle City Centre
- Attracting inward investment
- Increased footfall in city centre
- Inclusive growth
- Improve skills and productivity

**Carlisle Station Gateway**  
£44m

- New gateway for Carlisle City Centre
- Attracting inward investment
- Increased footfall in city centre
- Inclusive growth
- Improve skills and productivity





# Report to Council

Meeting Date: 14 September 2021  
 Portfolio: Finance, Governance and Resources  
 Key Decision: YES: Recorded in the Notice Ref: KD 14.21  
 Within Policy and Budget Framework Yes  
 Public / Private Public

Title: Asset Management Plan 2022 to 2027  
 Report of: The Corporate Director of Governance and Regulatory Services  
 Report Number: GD 58/21

## Purpose / Summary:

The draft Asset Management Plan was considered by Executive and scrutinised by the Business & Transformation Scrutiny Panel. Executive approved the draft Asset Management Plan for recommendation to Council at its Meeting on 31 August 2021 (min ref: EX.86/21).

The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

## Recommendations:

The Executive recommends that Council approve and adopt the Asset Management Plan.

## Tracking

Executive:	2 <sup>nd</sup> August 2021
Scrutiny:	26 <sup>th</sup> August 2021
Executive:	31 <sup>st</sup> August 2021
Council:	14 September 2021

## **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. A revised Disposal Programme was approved by the Executive in December 2018 with the aspiration to generate £10m in capital receipts.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

## **2. PROPOSALS**

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

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance requirements, 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, and
- How our Economic Development property portfolio is being managed to support economic growth.

### **3. RISKS**

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

### **4. CONSULTATION**

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan was considered by Business and Transformation Overview & Scrutiny Panel on 26<sup>th</sup> August 2021

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

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

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

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

**Contact Officer:** Mark Walshe

**Ext:** 7427

**Appendices attached to report:** Asset Management Plan 2022 - 2027

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

- None

### **CORPORATE IMPLICATIONS:**

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

**FINANCE** – The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2022/23 to 2026/27.

**EQUALITY** – None

**INFORMATION GOVERNANCE** – N/A



*Managing property as a resource for the City*

## ASSET MANAGEMENT PLAN

2022 – 2027

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## **1. The Council**

- 1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2021/22 has a net revenue budget of £15.1 million and capital expenditure budget of £28.06 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 £4.69 million per annum from its non-operational property, with a net asset value of circa £89.38 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:
  - 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.
  - Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
  - 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.
  - Generate capital for investment purposes aligned to corporate objectives.
  - Ensure a healthy and safe environment for property users.

## ASSET MANAGEMENT PLAN 2022-2027

- Apply “Green Design” principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
- Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
- Contribute to the Council’s Medium-Term Financial Plan and Capital Strategy, identifying investment opportunities.
- 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.

## ASSET MANAGEMENT PLAN 2022-2027

- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.
- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

### 4. Value for money

- 4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.
- 4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

### 5. Property Services

- 5.1 Property Services are responsible for managing the City Council's extensive property portfolio. The multi-disciplinary team cover everything from ad-hoc property repairs to multi-million-pound developments such as the Sands Centre and Civic Centre refurbishment. The service is supplemented by external resources when specialist assistance is required.
- 5.2 The property team face many challenges in supporting the Council with the competing pressures to deliver income whilst supporting the delivery of front-line services and realising ambitions for economic growth. The Council's core values, clear, committed, and confident, are embedded within the team and our aim is to provide a first-class property service for the City Council.

## **6. The Portfolio and Current Performance**

### **6.1 Gross Asset Value as at 31 March 2021**

	<b>Operational assets</b>		<b>Non-operational assets</b>		<b>Total</b>
	<b>Community Assets</b>	<b>Land &amp; Buildings</b>	<b>Investment</b>	<b>Surplus</b>	
<b>No of assets</b>	<b>77</b>	<b>67</b>	<b>49</b>	<b>15</b>	<b>208</b>
<b>Total income</b>	<b>£22,600</b>	<b>£4,036,300*</b>	<b>£4,143,200**</b>	<b>£0</b>	<b>£8,202,100</b>
<b>Capital value</b>	<b>£4,195,000</b>	<b>£50,298,000</b>	<b>£89,379,000</b>	<b>£1,143,000</b>	<b>£145,015,000</b>
<b>Capital Expenditure</b>	<b>£102,647</b>	<b>£1,710,664</b>	<b>£4,603,133</b>	<b>£31,221</b>	<b>£6,447,665</b>
<b>Outstanding Maintenance</b>		<b>£2,209,200</b>	<b>£2,000,000</b>	<b>-</b>	<b>£4,209,200</b>
* Income from operational assets (i.e. car parks, crematorium, Civic Centre rents)					
** Rental income from investment assets					

6.2 The total capital spend on property assets in 2020/21 was £9.75million a significant increase on the 2019/20 investment of £3.18 million, predominately down to the Gateway 44 retail park development.

6.3 The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. The condition surveys were last undertaken in the summer of 2018. The information which has been derived from the surveys has been considered to assess the current condition of the portfolio, whilst further having regard to the work undertaken during the same financial period. Outstanding maintenance has reduced from circa £2,380,200 to £2,209,200. The Pools continue to be removed from the programme given their impending closure as part of the Sands Centre redevelopment.

6.4 We are currently spending £250,000 p.a. to enhance our operational portfolio as detailed below in a bid to reduce the risk of major long-term capital expenditure being required.

6.5 Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We

## ASSET MANAGEMENT PLAN 2022-2027

intend to review this as and when resources allow and anticipate that the level of outstanding maintenance will reduce given the asset disposals and investment undertaken at Durranhill and Kingstown Industrial Estates.

### 6.6 Outstanding Maintenance

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>
<b>Total Revenue Budget</b>	£760,700	£776,000	£791,500	£807,400	£823,500	£840,000
<b>Capital Schemes Special Projects</b>	£250,000	£250,000	£250,000	£250,000	£250,000	£250,000
<b>Ratio Planned: Reactive Maintenance</b>	76 : 24	76 : 24	76 : 24	76 :24	76:24	76:24

6.7 Based upon the final condition surveys, the annual planned maintenance programme has been further developed for the operational assets. As discussed above, there is unplanned maintenance currently assessed at £2,209,200 for the portfolio of operational buildings. The planned 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 9 November 2020 (report reference GD.52/20). In condition category terms the split is:-

## ASSET MANAGEMENT PLAN 2022-2027

<b>Condition Category</b> (as a % of Gross Internal Area Operational Property)			<b>Sustainable Criteria</b>
	<b>2020-25</b>	<b>2021-26</b>	
<b>A. (Excellent)</b>	<b>0.73%</b>	<b>0.75%</b>	<b>Yes</b>
<b>B. (Good)</b>	<b>89.42%</b>	<b>89.20%</b>	<b>Yes</b>
<b>C. (Mediocre)</b>	<b>9.85%</b>	<b>10.05%</b>	<b>Review</b>
<b>D. (Poor)</b>	<b>0%</b>	<b>0%</b>	<b>No</b>

6.8 The table above shows the condition categories of the operational portfolio. There has been a slight change to the condition categorisation of operational assets over the last year as work undertaken has focused on addressing maintenance issues rather than improvements. The condition is continually reviewed and for around 90% of the portfolio classed as either excellent or good, is a testimony to the proactive management regime, which would otherwise leave the portfolio falling short of that required to provide the Council's services.

### 6.9 Local Environment (Climate Change) Strategy

6.10 In March 2019 Carlisle City Council declared a Climate Change Emergency. In March 2021 the Council adopted its Local environment (Climate Change) Strategy with the ambition of getting to net zero by 2037.

6.11 Work is being undertaken to further understand the energy consumption across our portfolio and to assess our carbon footprint, this will establish a baseline from which improvements can be assessed and monitored.

6.12 The operational and investment portfolio has been assessed to produce up to date Display Energy Certificates (DECS) and Energy Performance Certificates (EPCS) where required. This exercise has created an understanding of the implications of the Minimum Energy Efficiency Standards (MEES) on the sale and let ability of the non-operational assets and provide a benchmark from which to improve the CO2 emissions of the publicly funded buildings.

6.13 The data forms part of the wider consideration of the asset management of the property portfolio and particularly when assessing the viability of the long-term use, maintenance and ownership of the assets.

## ASSET MANAGEMENT PLAN 2022-2027

- 6.14 Where assets have fallen below the required standard this has been assessed and maintenance work has been completed. During the past year a full re-survey and assessment of the Enterprise Centre was undertaken and consequent improvement works undertaken.
- 6.15 On a larger scale Capital works are completed to meet the relevant building standards and where financially viable and opportunities are available additional initiatives are being incorporated to further improve the energy standard of the asset stock.
- 6.16 The Sands Centre Redevelopment will have a significant impact on reducing the organisations carbon footprint. Initial calculations, based on the Consequential Improvements Report, estimate a reduction in production Greenhouse Gas (GHG) emissions of 96 tonnes per annum.
- 6.17 The Civic Centre Reinstatement Project will also bring improvements to the energy efficiency of the ground floor, the impact of which will be seen in changes in gas and electricity usage. The project also includes demolition of the Rotunda with associated Public Realm improvements and EV charging points in the extended Civic Centre car park.
- 6.18 The Property Services team have successfully completed the Footway lighting project which has resulted in the vast majority of the City Council's footway lighting portfolio being converted to LED's. The projected annual saving of production Greenhouse Gas (GHG) emissions is 93 tonnes, an estimated lifespan saving of 1,399 (t)CO<sub>2</sub>e
- 6.19 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.
- 6.20 Capital Works and Repairs
- 6.21 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 statutory duties. Report GD.52/20 was presented to the Executive with proposals for capital investment for planned major repairs which was approved as follows:

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Property	Description of works	Estimated Cost
Cemeteries	Resurfacing	£30,000
Tullie House	Plant Replacement	£20,000
Raffles Community Hall	Roller Shutter Replacements	£15,000
Botcherby CC	Replace Timber Windows	£20,000
Morton CC	Main Hall Flooring replacement	£15,000
Morton CC	Overhaul Timber Windows (Listed Building)	£20,000
Upperby Cemetery Lodge	Property upgrade - to include rewire, kitchen, bathroom, external doors & windows	£30,000
Civic Centre	Upgrade heating & ventilation to floor 8	£25,000
Civic Centre	Fire safety enhancement works	£20,000
Civic Centre	Replace flat roof to 1st floor (around rates hall)	£10,000
Civic Centre	Upgrade WC's to 2nd & 7th floors	£20,000
Stony Holme	Car park surface overlay	£25,000
	<b>Total</b>	<b>£250,000</b>



## ASSET MANAGEMENT PLAN 2022-2027

6.22 Key staff leaving the team and Covid-19 had a significant impact on the 2020/21 capital works programme due to a number of staff shielding and supply chain issues resulting in a number of projects being deferred to 2021/22.

### Works Carried Forward From 2020 / 2021

James Creighton Memorial	Clean & refurbish	£10,000
James Steel Statue	Clean & refurbish	£10,000
Various Properties	Legionella RA's	£5,000
Civic Centre	Roof Beam Covers	£5,200
Tullie House	Pitched Roof repairs	£10,000
Bousteads	Resurfacing	£8,500
Talkin Tarn	Fire escape stair renewal	£14,300
Civic Centre	Lift motor bearing renewal	£10,000
Enterprise Centre	Fire alarm system renewal	£20,000
Tullie House	Plant Replacement	£20,000
Bousteads	Roller shutter renewals	£10,000
Crematorium	Flat roof renewal	£15,000
Cemetery	Surfacing	£30,000
Dixons Chimney	Stone repairs etc	£21,400
Greystone CC	Pointing & masonry repairs etc	£5,000
Currock CC	Flat roof renewal	£14,400
<b>Total C/F:</b>		<b>£208,800</b>

## **7. Continuous Review and Challenge**

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

- 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.
- The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
- The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
- The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This will be further explored and actions taken to realise efficiencies with the resources currently available.
- 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.
- 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.

### **7.2 Accommodation Review**

7.3 An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

## ASSET MANAGEMENT PLAN 2022-2027

- 7.4 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.
- 7.5 The first phase of the redevelopment of the Civic Centre ground floor project is virtually complete with phase 2, the demolition of the Octagon and external landscaping, scheduled for completion by year end. The new accommodation will allow modern ways of working to be embraced, with more flexible multi-purpose space available. The design has incorporated flood resilience and energy efficiency measures where possible.
- 7.6 The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.
- 7.7 The current programme of works is the first phase of a wider scheme to maximise space occupancy within the Civic Centre. The current pandemic has shown that alternative forms of working can be successful and the challenge going forward will be to incorporate these opportunities for greater space utilisation throughout the building. Past occupational models where every employee based at the Civic Centre has their own desk have been shown to be unnecessary and offer the opportunity to generate significant savings.
- 7.8 Agile working has not only cost benefits but others such as improving the attractiveness of the organisation to potential employees, improving both the health and well-being of staff and the local environment by reducing the need for travel.
- 7.9 We already have a number of public sector partners co-locating with the City Council and we are working with partners through the One Public Estate programme to encourage greater take up of vacant space in the building which will generate additional income as well as reducing the overall public sector property costs.

### 7.10 Major Projects Team

Funding was secured to via a budget bid, to secure a major projects team within Property Services. The team are responsible for delivery of all large construction projects on behalf of the City Council. This will ensure that the Council has the knowledge and expertise to deliver major construction projects on time and on budget.

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- 7.11 Covid and Brexit have offered up the perfect storm however the knowledge and experience within the team has ensured that the Council has been able to limit exposure to cost overrun on the Sands Centre and Civic Centre developments.
- 7.12 Going forward it is envisaged that the team will be delivering the construction projects associated with the Council's economic growth agenda.
- 7.13 Sands Centre redevelopment
- 7.14 The £27m redevelopment of the Sands Centre is progressing well on site, despite the implications of Covid and Brexit however supply chain issues are causing difficulties.
- 7.15 One notable success has been the temporary accommodation developed at the former Newman School to accommodate GLL & the NHS. The decision was taken to lease space at the former school and refurbish rather than take temporary portacabin accommodation to not only minimise cost but also to provide a more suitable temporary leisure facility and leave a legacy for the city once we vacate. On the back of the refurbishment works undertaken the remainder of the buildings on-site has been brought back into use with Carlisle College, the catholic diocese and a local undertaker now in occupation.
- 7.16 Asset Review Business Plan
- 7.17 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).
- 7.18 Work continues on the implementation of the Business Plan as detailed below:
- 7.19 Disposal Programme
- 7.20 In December 2018 a revised disposal programme was approved by the Executive with the aspiration of generating £10m to assist with funding major developments such as the Sands Centre and Gateway 44 scheme.

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- 7.21 Additional staff resources were engaged to deliver this 5-year programme. From July 2019, two new additional surveyors (one full-time / one part-time) were employed by the Council to progress the disposal of properties identified in the 2018 Asset Disposal Plan. They were supported from November 2019 by a dedicated solicitor on a part-time basis.
- 7.22 Capital receipts of £2,468,500 were generated in 2020/21 with a total of £4,624,520 being generated to date.
- 7.23 Extensive due diligence is required to bring the other disposal assets forward. This work has slowed significantly due to Covid and wider resource issues within the Property Services team due to staff departures and work pressures. Firstly the part-time Disposals Surveyor left the Council in February 2020 and, it has been considered prudent to redeploy the Senior Disposal Surveyor to a wider role managing the surveyors engaged in the estate management and valuation team. This change took place with effect from February 2021. The impact of these changes has inevitably been that there is less dedicated resource to the Asset Disposal Plan so the rate of disposals is likely to decrease.
- 7.24 Despite the reduction in resources significant work has been progressed as detailed below:
- 7.25 Carlisle Enterprise Centre
- 7.26 Energy Performance Certificates - during 2020/21 a full re-survey and assessment of the property was instructed in order to obtain updated EPCs that will both assist with the disposal of the property and ongoing lettings. With the exception of a few small units in the property, the Council now has a full set of compliant EPCs. In tandem with this Property Services has been working with Legal Services to ensure that any new lettings are on a more appropriate basis and at increased rents. This approach not only will help improve the short-term income stream but also the disposal as and when this is possible.
- 7.27 Stanwix House / Cottage – The University of Cumbria have given notice that they intend to vacate these properties in the summer of 2021. Property Services are currently engaged in trying to settle a dilapidations claim with the University whilst looking at future options.
- 7.28 Land at Longtown – Following the failure of a proposed sale in FY 2020/21, this asset is being re-marketed for sale.
- 7.29 Former Harraby Community Centre – To progress the disposal of the site, the demolition of the old building is being progressed. It is hoped that the demolition will be completed this summer.

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- 7.30 Durranhill Industrial Estate – detailed enquiries are being undertaken to identify all of the various interests held by the Council and other parties in order to help determine the best disposal strategy and bring together the copious legal documentation that will be required to effect a disposal
- 7.31 Land at Morton – Work is being stepped up to develop the masterplan for the employment land that forms this site. The Council's external consultants are currently engaging with several major potential occupiers in a bid to identify an appropriate anchor tenant / occupier for the scheme. Property Services have also had lengthy discussions with Cumbria County Council in order to arrange the disposal of assets required for the CSLR. The capital receipt that will result from this will be reported to the Executive next month
- 7.32 Update to Asset Disposal Plan
- 7.33 Given the due diligence work that has been done and changes in the market, Property Services intend to bring forward an update to the Asset Disposal Plan later this year. This will look to re-profile some of the disposal assets as well as identify others that are considered appropriate for disposal.
- 7.34 Reinvestment Options
- 7.35 The Business Plan envisages capital receipts will be used to generate additional revenue and support purchases in the economic development and operational property portfolios.
- 7.36 Opportunity purchases into the Economic Development portfolios are being progressed to support the aspirations of the Borderlands Growth Deal and are discussed further in section 7.44 below.
- 7.37 We continue to look for opportunities to enhance income generating opportunities for the City Council however changes to the Prudential Code, as discussed in the Capital Investment Strategy, will impact on the Council's ability to fund such activities.
- 7.38 Chancerygate – Kingstown and Parkhouse
- 7.39 Chancerygate, the Council's appointed asset managers for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City.

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- 7.40 Gateway 44 retail park was completed on time and within budget and the development is now 100% under offer despite Covid and the turmoil in the retail sector.
- 7.41 A further 10 rent reviews were completed during the year adding a further £135,158 p.a. to the rent roll.
- 7.42 In addition to this Property Services and their other advisors have completed 10 reviews during 2020/21 increasing rental levels by circa £9,000 p.a.
- 7.44 Economic Development Portfolio
- 7.45 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.
- 7.46 The Council and its partners has been incredibly successful in securing over £250 million investment into the City by way of various central Government funding streams including Borderlands Growth Deal, Future High Street Funding, Towns Deal Accelerated Fund, Town Deal and HIF funding.
- 7.47 The Council has a significant role to play in these projects through both use of its assets and also the expertise of the professional teams. During the last financial year we have acquired the leasehold interest of Paton House as part of the Borderlands University of Cumbria campus proposal. We have also agreed terms with the County Council to transfer land to facilitate the Southern Link road.
- 7.48 As the various projects are progressed we anticipate a significant role for the Council and its property assets.
- 7.49 Coronavirus pandemic
- 7.50 The Coronavirus pandemic continues to have a major impact on the operations of the City Council.
- 7.51 From an operational perspective many buildings remain closed and colleagues continue to work from home where possible. The pandemic has however demonstrated that large sections of the Council can work remotely and there is no longer the need for staff to be permanently based in offices such as the Civic

Centre. Agile working is likely to become the norm in the future and now is the perfect time for the Council to grasp the opportunity.

- 7.52 There are a number of benefits for the Council; cost savings by reduced floor space requirements; environmental improvements with fewer people travelling into the city reducing pollution; improved staff retention and recruitment, greater flexibility around the workplace is attractive to many especially younger job seekers who see agile working as an essential part of the package.
- 7.53 The UK economy has experienced a period of severe contraction due to the Covid-19 pandemic. Short term income has been reduced and tenants will continue to vacate despite the significant assistance provided by Central Government. The long-term impact is still not clear; however it is likely that values will continue to fall impacting on the investment portfolio although this will vary between sectors with the High Street witnessing major structural change. The Council aims to minimise the long-term effect on its income levels through proactive property management.
- 7.54 Along with Covid, the impact of the UK's withdrawal from the European Union (EU) is impacting on construction projects, with delays and shortages of materials now common place. At this stage we have no indication on how long it will take for the sector to return to normality.
- 7.55 The assets (and the values that will be realised from them) within the Disposals Programme will not be immune from the market influences and therefore the values achieved over the next few years may not be as great as previously forecast.

## **8. Conclusion**

- 8.1 The Council has a highly rationalised and suitable service occupied portfolio. Despite the challenges presented by the Covid-19 pandemic the Council has shown that it can quickly adapt to rapidly changing situations. As and when normality returns a key challenge will be to build on the opportunity that the pandemic has given us in relation to agile working.
- 8.2 The completion of the Civic ground floor redevelopment will provide an enhanced customer services operation and entrance to the building. Opportunities to co-locate with other public sector partners will be pursued.



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- 8.3 The Sands Centre redevelopment offers an opportunity to enhance leisure facilities within the city it will also reduce our maintenance liability and support our aspirations for economic growth.
- 8.4 The Council has a significant investment property portfolio; the challenge will be to protect this income stream as the long-term effects of the pandemic become clearer.
- 8.5 The unprecedented Government investment into Carlisle offers a once in a lifetime opportunity to grow the City and the Council needs to be ready to utilise its property assets and experience to ensure that opportunities for growth are maximised.