

2021/22 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	9 November 2020
Health and Wellbeing Scrutiny Panel	19 November 2020
Economic Growth Scrutiny Panel	26 November 2020
Business and Transformation Scrutiny Panel	1 December 2020
Executive (Special)	7 December 2020
Executive	14 December 2020
Business and Transformation Scrutiny Panel	7 January 2021
Executive	13 January 2021
Council (Special)	2 February 2021

2021/22 BUDGET REPORTS

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Report to Executive

Agenda
Item:

A.1(a)

Meeting Date: 9 November 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2021/22 TO 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE & RESOURCES
Report Number: RD 32/20

Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and forecasts up to 2025/26 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 2020/21 and base estimates for 2021/22;
- (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 2021/22 budget process;
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix F.

Tracking

Executive:	9 November 2020, 14 December 2020
Scrutiny:	BTSP 01/12/20; HWSP 19/11/20; EGSP 26/11/20
Council:	2 February 2021 (Budget Resolution)

1. INTRODUCTION

- 1.1. This report considers the revised base estimates for 2020/21 together with the estimates for 2021/22. The report also sets out any known revisions to the Medium-Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the following Policy documents that were approved by Council on 8 September 2020:
 - ◆ 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 2020;
 - Further expected changes in government grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
 - Future borrowing requirements;
 - Commercial and investment opportunities.
- 1.4. The report draws on information contained in a number of reports that are being considered elsewhere on this agenda. The principal budget reports have been listed in **Appendix A**.
- 1.5. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies, and potential use of reserves, to enable a balanced budget position to be recommended to Council in February 2021.

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 2020/21 and 2021/22 with projections to 2025/26. The 2020/21 variance reflects the use of

earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	2020/21 Original £000	2020/21 Revised £000	2021/22 Original £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000
Net Base Budget Parish Precepts (PP)	14,653 688	17,532 688	12,753 705	12,594 723	12,960 741	13,183 760	13,670 779
Total	15,341	18,220	13,458	13,317	13,701	13,943	14,449
Original MTFP Projections	15,341	17,972	13,176	13,205	13,494	13,707	13,949
Variance	0	248	282	112	207	236	500
Analysis of Variance:							
Sands Project			282	112	207	153	345
Developer Contributions			0	0	0	83	155
Non-Recurring:							
Planning Services Reserve		(23)					
Revenue Grants Reserve		286					
Cremator Reserve		(24)					
Building Control Reserve		9					
Total Variance	0	248	282	112	207	236	500

2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that there are a number of income streams that are reporting variances against projected levels in the current financial year and there may be other cost pressures or savings which may have a recurring impact; many of these are in relation to the ongoing COVID-19 pandemic and the impact it is having on Council services. These shortfalls are being reported to MHCLG on a monthly basis to ensure that government is aware of the losses being incurred. It is likely some or all of these pressures may continue into 2021/22, but these are being closely monitored and dialogue is ongoing with MHCLG to ensure that any losses are recovered where possible through grant or compensation from central government.

2.4. **Appendix B** details the movements between the Original Budget for 2020/21 and the Original Budget for 2021/22 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
2020/21	1,141	(447)	811	0	1,505
2021/22	499	34	0	0	533
2022/23	95	(45)	0	0	50
2023/24	86	0	0	0	86
2024/25	(27)	0	0	0	(27)
2025/26	118	0	0	0	118

- 3.2 The main changes to the budget are detailed at paragraph 2. The revised estimates for 2020/21 will be recommended to Council as part of the budget process.

4. OUTSTANDING KEY ISSUES

4.1. Government Settlement Funding Assessment

The Council receives core funding allocations from the Government in relation to Business Rates Baseline Funding and other specific grants. 2020/21 saw a one-year settlement so the figures incorporated into this report for 2021/22 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 been delayed and the Chancellor has recently announced (21st October 2020) that a further one year Spending Review (SR) will be undertaken for 2021/22 in order to prioritise the response to COVID-19 and to focus on supporting jobs. This will, therefore, provide departmental resources for 2021/22 only. In terms of public services, the SR will focus on “giving enhanced support to continue to fight against the virus alongside delivering first class frontline services”. The SR will also confirm multi-year capital spending for key programmes. This one-year settlement makes it extremely difficult for the Council to undertake any medium to long term financial planning.

4.2. Retained Business Rates and Council Tax

The Business Rate Baseline figure is assumed at an inflationary increase for 2021/22 with reduced projections for growth and pooling built into the MTFP from 2021/22 on the basis that the Business Rates Reforms would be implemented in 2021/22. However, as mentioned above, the reforms of the Retained Business Rates

Retention Scheme have again been deferred and as a result of this deferral, the MHCLG has decided not to revoke the existing legislation governing pooling arrangements, and therefore the Council is able to continue to be a member of the Cumbria Business Rates Pool for 2021/22, subject to the agreement of all participating members. The financial aspects of continuing with the Pooling arrangements for 2021/22 are set out further in this report.

It is expected that the referendum limit will remain for Council Tax increases, however, District Councils are usually given the option of raising Council Tax by the greater of 3% or £5. Further details on Local taxation are considered elsewhere on this agenda in report RD35/20.

4.3. Pay Award 2021/22

The MTFP currently assumes a 2% pay award increase from 2021/22 onwards; however, for 2020/21 the agreed pay award was 2.75% and at this point in time, there is no information to gauge what the rise is likely to be for 2021/22. An increase of 0.75% equates to an additional £100,000 per annum.

4.4. Resource Assumptions

Contributions from balances include all approvals to date but make no assumptions on further contributions from balances to support the budget from 2021/22 onwards. The current resources projections assume:

- A £5 (Band D equivalent) Council Tax increase for 2021/22 onwards.
- A Council Tax Surplus for 2021/22 onwards of £50,000. The actual figure for 2021/22 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 2021/22;
- An assumed tax base of 34,911.93 for 2021/22. The final tax base for 2021/22 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2021/22 is for a total of £705,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

5. POTENTIAL NEW SPENDING PRESSURES/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 **Leisure Contract Variation – Additional Expenditure - £617,000 recurring bid reducing to £2,000**

This relates to additional subsidy to the Leisure provider agreed as part of the Sands project by Council in July 2019.

- 5.3 **Energy Monitoring System – Additional Expenditure - £3,000 recurring bid**

This is the annual maintenance cost of a new energy monitoring system that is included as a new capital project in RD33/20. The system will allow the Council to monitor and manage its energy usage across its properties and will help to deliver commitments around becoming carbon neutral as well as generating a recurring saving of approximately £20,000 per year.

- 5.4 **Digital Marketing Officer – Additional Expenditure - £27,000 non-recurring**

This is to create a fixed term role with the use of a capacity funding bid (£20,000) to lead on engagement through social media and digital channel. The role will continue to develop innovate approaches to engagement and consultation for the key strategic projects and new strategies/policies.

- 5.5 **City Centre Property Income – Income Shortfall - £190,000 reducing to £0 non-recurring bid**

To recognise the loss of rental income from City Centre properties; with the assumption that this funding gap will be replaced by funding received from the Borderlands Project.

- 5.6 **Pay Award – Additional Expenditure - £93,000 recurring**

The 2020/21 pay award was higher than that included in the Medium-Term Financial Plan. This pressure recognises the increased cost of the 2020/21 pay award on the overall wage bill.

5.7 Cremator Replacement – Capital spend/use of earmarked reserve

The Capital Programme includes a proposal to replace the Cremators which will be funded from an earmarked reserve set up for that purpose. For accounting purposes, both the spend and the use of the reserve is shown within the revenue budget.

5.8 Industrial Estate Income – income shortfall £55,000 recurring

To recognise the shortfall of income from industrial estates in line with the Council's asset disposal programme.

5.9 COVID-19 Income and Budget Monitoring Shortfalls – potential recurring pressures

The following areas of income shortfalls have been identified as a result of COVID-19 and may become budget pressures if further funding is unavailable from government:

- Development Control income - £45,000
- Contact Centre - £65,000
- Talkin Tarn - £50,000
- Digital Banner - £55,000
- Lanes Income - £420,000
- Gateway 44 - £116,000
- Car Parking - £430,000

As mentioned earlier, the on-going pressures as a result of COVID-19 are being closely monitored and dialogue is ongoing with MHCLG to ensure that any losses are recovered where possible through grant or compensation from central government

6. SAVINGS AND ADDITIONAL INCOME PROPOSALS

6.1 Further savings/additional income have been identified in the budget process for 2021/22 as follows:

6.2 Energy Monitoring System – Saving - £20,000 recurring bid

This is the annual expected saving from the installation of a new energy monitoring system that is included as a new capital project in RD33/20.

6.3 Digital Marketing Officer – Additional Income - £20,000 non-recurring

This is the use of a Capacity Funding bid to support the creation of the Fixed Term post for a Digital Marketing Officer as outlined in 5.4 above.

6.4 Funding streams – Business Rates Polling

It is recommended that the Council continue to be part of the Cumbria Pooling arrangements in 2021/22 now that the MHCLG has agreed not to revoke the current legislation, and all participating members have initially agreed that the pool continues in its current format. A potential additional sum of £1,200,000 may be factored into the budget as a result on a non-recurring basis.

6.5 Savings

The current MTFP includes a recurring savings requirement to be found by 2021/22 of £1million. 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 (RD34/20), 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.

8. PROJECTED IMPACT ON REVENUE BALANCES

- 8.1 It should be noted that if all of the potential new Savings and Spending Pressures were accepted then reserves may fall below acceptable minimum levels 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

9.6.1 Reserves can be held for three main purposes:

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

9.7 Current Reserves

9.7.1 The actual reserves as at 31 March 2020 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**.

	Balance 31/03/2020 £
General Reserves:	
General Fund Reserve	3,100,000
Projects Reserve	907,000
Carry Forward Reserve	654,000
Earmarked Reserves:	
Building Control Reserve	100,000
Apprentices Reserve	78,000
Cremator Replacement Reserve	1,080,000
City Centre Reserve	5,000
Flood Reserve	1,948,000
Prosecutions Reserve	36,000
Revenue Grants Reserve	1,939,000
Waverley Viaduct Reserve	30,000
Planning Services Reserve	196,000
	10,073,000
Capital Reserves	
Lanes Capital Fund	75,000
	75,000

N.B Balances shown are the rounded balances as per the 2019/20 Balance Sheet.

9.8 Review and Potential Release of Reserves

- 9.8.1 As there are significant budgetary pressures on the Council in the coming years, all reserves have been reviewed to determine if they are adequate, still required and if there are any possibilities for releasing any funds back to General Fund.
- 9.8.2 **Appendix F** outlines the purpose, management and use of all reserves and provides a proposal as to the future of each reserve.

9.9 Other Balances - Provisions

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

9.9.2 Current Provisions

The table below shows the balances on provisions at 31 March 2020.

	Actual Balance 31/03/2020 £
Business Rate Appeals	1,693,152
Insurance Provision	155,699
Rickergate Ringfenced Account	172,693
Land Charges Provision	34,002
Cemeteries Perpetuity Fund	74,787
Licensing Appeals	20,475
Standards Committee Complaints	10,000
Working Time Directive	62,000
Property Deposits	850
Civic Penalties	22,600
Market Hall Deposits	8,901
Enterprise Centre Deposits	8,783
Licensing Deposits	6,758
Bequests	
Local Distress Fund	10,049
Parker Bequest	1,355
District Nursing Bequest	7,208
	2,289,312

10. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2021/22 to 2025/26

- 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 2021/22 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 retention 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 2022/23 onwards; however, the scope to remain within the Cumbria Pooling arrangements for 2021/22 (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 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.

10.6 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 2020/21 and base estimates for 2021/22;
- (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 2021/22 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 Officer: Alison Taylor

Ext: 7290

**Appendices
attached to report:**

**Appendix A – Principal Reports considered in budget process
to date**

**Appendix B – Movements between Original budget 2020/21
and Original budget 2021/22**
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
RD25/20	08/09/20	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2021/22 to 2025/26
RD26/20	08/09/20	Capital Strategy 2021/22 to 2025/26
GD43/20	08/09/20	Asset Management Plan 2021 - 2026
RD32/20	09/11/20	Budget Update – Revenue Estimates 2021/22 to 2025/26
RD33/20	09/11/20	Provisional Capital Programme 2021/22 to 2025/26
GD54/20	09/11/20	Charges Review – Licensing
GD48/20	09/11/20	Charges Review – Governance & Regulatory Services
CS30/20	09/11/20	Charges Review – Community Services
ED38/20	09/11/20	Charges Review – Economic Development
GD52/20	09/11/20	Corporate Assets – 3 Year Repair and Maintenance Programme
RD34/20	09/11/20	Treasury Management Q2 and Forecasts for 2021/22
RD35/20	09/11/20	Local Taxation 2021/22 to 2025/26

MOVEMENTS BETWEEN ORIGINAL BUDGET 2020/21 & ORIGINAL BUDGET 2021/22

	£	£
Updated Original Estimate 2020/21	14,653,000	
Carry Forwards 2019/20	(811,000)	
Original Estimate 2020/21		13,842,000
<u>Impact of 2020/21 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	882,800	
Carlisle South Masterplan	(65,000)	
Tullie House Grant	(50,000)	
Leisure Contract Subsidy	(540,700)	
Gateway 44 Income	(111,000)	
Developer Contributions - Carlisle Southern Relief Road	(50,000)	
Budget Savings	(1,000,000)	
Treasury Management	(680,400)	
Rural Services Delivery Grant	183,700	
Revenue Contribution to Capital	(92,000)	
LED Footway Lighting Installation	(20,000)	
Borderlands Programme Management Office	20,000	
St Cuthberts Garden Village	35,000	
Land Charges Income	(2,500)	
City Centre Business Support	(40,000)	
Borderlands Inclusive Growth Deal	(50,000)	
Civic Centre Accommodation	(110,900)	
Environmental Clean up & Enforcement Pilot	(60,000)	
Building Control Discretionary Charges	12,000	
Sands Centre Development	282,000	
		(1,457,000)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		368,000
Original Estimate 2021/22		12,753,000

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2020/21		2021/22 Estimate £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	11,339	11,339	10,590	10,688	10,685	11,018	11,313
Treasury Management	1,239	1,239	772	1,052	1,866	1,807	1,999
Inflation Projection	267	267	267	267	267	267	267
2020/21 agreed Savings	(708)	(708)	(1,728)	(1,728)	(2,578)	(2,617)	(2,617)
2020/21 agreed Spending	2,390	2,390	2,818	2,360	2,720	2,708	2,708
2020/21 Budget Changes	0	0	0	0	0	0	0
Total Core Expenditure	14,527	14,527	12,719	12,639	12,960	13,183	13,670
Non Recurring Exp:							
Pre 2020/21 approvals	(431)	(431)	(61)	(70)	0	0	0
2020/21 agreed Savings	(590)	(590)	0	0	0	0	0
2020/21 agreed Spending	336	336	95	25	0	0	0
Carry Forwards	811	811	0	0	0	0	0
Use of Earmarked Reserves	0	2,641	0	0	0	0	0
Use of General Fund	0	238	0	0	0	0	0
Total non Recurring Expenditure	126	3,005	34	(45)	0	0	0
Total City Council Budget Requirement	14,653	17,532	12,753	12,594	12,960	13,183	13,670
Parish Council Precepts	688	688	705	723	741	760	779
Total Requirement	15,341	18,220	13,458	13,317	13,701	13,943	14,449

EXISTING RESOURCE PROJECTIONS

RESOURCES PROJECTION	2020/21 Original Estimate £000	2020/21 Revised Estimate £000	2021/22 Estimate £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000
Projected External Finance:							
- Retained Business Rates (inc Pooling)	(5,869)	(5,869)	(4,413)	(4,483)	(4,555)	(4,628)	(4,703)
- Surplus on Collection Fund	(30)	(30)	(50)	(50)	(50)	(50)	(50)
- C/Tax for Parish Precepts	(688)	(688)	(705)	(723)	(741)	(760)	(779)
- Council Tax Yield	(7,487)	(7,487)	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)
Total Income based on £5 Tax increase Projections	(14,074)	(14,074)	(12,925)	(13,267)	(13,615)	(13,970)	(14,331)
Plus Approved Contributions from Balances:							
- Pre 2020/21 non-recurring commitments	685	685	(34)	45	0	0	0
- Pre 2020/21 recurring	(1,141)	(1,141)	(499)	(95)	(86)	27	(118)
Carry Forwards	(811)	(811)	0	0	0	0	0
Use of Earmarked Reserves	0	(2,641)	0	0	0	0	0
Use of General Fund	0	(238)	0	0	0	0	0
Total Use of Reserves	(1,267)	(4,146)	(533)	(50)	(86)	27	(118)
Total Projected Resources	(15,341)	(18,220)	(13,458)	(13,317)	(13,701)	(13,943)	(14,449)

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2020 £000	Projected 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
Revenue Reserves							
General Fund Reserve	(3,100)	(2,502)	(1,969)	(1,919)	(1,833)	(1,860)	(1,742)
Projects Reserve	(907)	0	0	0	0	0	0
Carry Forward Reserve	(654)	(632)	(632)	(632)	(632)	(632)	(632)
	(4,661)	(3,134)	(2,601)	(2,551)	(2,465)	(2,492)	(2,374)
Flood Reserve	(1,948)	(4)	(4)	(4)	(4)	(4)	(4)
Building Control Reserve	(100)	(91)	(91)	(91)	(91)	(91)	(91)
Cremator Reserve	(1,080)	(1,135)	(785)	115	115	115	115
City Centre Reserve	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Revenue Grants Reserve	(1,939)	(1,209)	(1,209)	(1,209)	(1,209)	(1,209)	(1,209)
Planning Services Reserve	(196)	(205)	(205)	(205)	(205)	(205)	(205)
Apprentices Reserve	(78)	(78)	(78)	(78)	(78)	(78)	(78)
Waverley Viaduct Reserve	(30)	(30)	(30)	(30)	(30)	(30)	(30)
Prosecutions Reserve	(36)	(36)	(36)	(36)	(36)	(36)	(36)
Total Revenue Reserves	(10,073)	(5,927)	(5,044)	(4,094)	(4,008)	(4,035)	(3,917)
Capital Reserves							
Usable Capital Receipts	0	0	0	0	0	0	0
Unapplied capital grant	(136)	(112)	(112)	(112)	(112)	(112)	(112)
Lanes Capital Reserve	(75)	(90)	(105)	(120)	(135)	(150)	(165)
Total Capital Reserves	(211)	(202)	(217)	(232)	(247)	(262)	(277)
Total Usable Reserves	(10,284)	(6,129)	(5,261)	(4,326)	(4,255)	(4,297)	(4,194)
Other Technical Reserves (i)	(90,488)						
Total All Reserves	(100,772)						

(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 31/3/20	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
Lanes Capital Reserve	75	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
<i>Revenue Reserves</i>				
General Fund Reserve	3,100	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	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: - - Cash Flow requirements - Inflation and interest rates - Demand Led Budget Pressures - Efficiency and Productivity Savings - The Availability of funds to deal with major unexpected events or emergencies - Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments Approval to release funds from the	This reserve is still required

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
			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 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	
Projects Reserve	907	The balance at 31 st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	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	654	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 31/3/20	Purpose	Conditions of Use	Future of the Reserve
		to be in an overspend position at year end.		
Building Control Reserve	100	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	1,080	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required, and will be utilised in 2021/22 and 2022/23
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

Reserve	Balance 31/3/20	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	1,948	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 2020/21 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.	This reserve is still required
Revenues Grants Reserve	1,939	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	196	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	78	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

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
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
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 31/3/20	Purpose	Future of the Provision
Business Rate Appeals	1,694	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	155	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2019 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.

Provision	Balance 31/3/20	Purpose	Future of the Provision
Rickergate Ringfenced Account	173	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	1	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
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

Provision	Balance 31/3/20	Purpose	Future of the Provision
Working Time Directive	62	To establish a provision in relation to costs associated with the Working Time Directives.	This provision has been utilised in 2020/21 and the remaining balance is currently being reviewed.
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Report to Executive

Agenda
Item:

A.1(b)(i)

Meeting Date: 9th November 2020
Portfolio: Environment & Transport & Culture, Heritage & Leisure
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2021/2022 – COMMUNITY SERVICES
Report of: The Deputy Chief Executive
Report Number: CS 30/20

Purpose / Summary:

This report sets out the proposed fees and charges for 2021/22 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 2021 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:	9 November 2020, 14 December 2020
Scrutiny:	B&TSP 1 December 2020 EGSP 26 November 2020 H&WSP 19 November 2020
Council:	n/a

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within 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 2021/22 TO 2025/26

- 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 17 August 2020 and approved by Full Council on 8 September 2020 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 2021/22 it is proposed that the City Council increases its charges for usage of the City Centre by 3%. This uplift should be applied to the full range of uses.

4. CAR PARKING – SHOWN AT APPENICES 2, 3 & 4

4.1 Permit Price

It is proposed to simplify the permit fees and base these on the all-day charge in those car parks, and offer a 10% discount if you purchase a monthly/annual permit (Plus a small admin fee) for the applicable car parks. Therefore, the fees for permits will not be shown separately but there is opportunity to review the rate of discount offered.

4.2 Pay and Display Tariff

We are proposing an increase of 3%, with changes to Paddy's Market to make this an all-day car park due to limited spaces and use.

Due to lack of interest we are also proposing we remove the early bird tariff from West Walls.

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 32p 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 2021-22 season, we propose to increase pitch hire fees by a rounded 3%. There will be no change to the dirty pitch penalty charge.

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.

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%.

There are several charges which have been reduced or removed in line with a commercial review and an analysis of pricing, these are shown at Appendix 9.

7. OLD FIRE STATION, TOURIST INFORMATION CENTRE AND DIGITAL BANNER SHOWN AT APPENDIX 10

- 7.1 It is proposed to increase the pricing schedule for the Digital Banner by 3%.
- 7.2 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.
- 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.
- 8.3 Collection of containers – Whilst the Civic Centre is appointment only, the collection options are unavailable. Until the Civic Centre re-opens, residents will only be charged the collection price for gull sacks to be delivered and recycling containers will be delivered free of charge. Bins are unable to be collected at present but will commence once this is possible.

- 8.4 Delivery and Collection Charges - Some items have seen larger increases, but this is because we previously had some collection prices at 50% reduction and some at 25% reduction. It is proposed that all collections receive a 25% reduction except for recycling containers which remain free of charge. This increase in collection options and the introduction of charging the residents of new builds for larger 240ltr bins has allowed for the price of a 240ltr bin to remain at £40 and for smaller bins to be reduced slightly to encourage take-up and to ensure the MTFP target for fees and charges inflation is achieved.

The Neighbourhood Service Manager and Technical 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

It is proposed we add in the fees and charges relating to engine idling this is set by legislation.

We also propose to increase the fees for small scale fly-tipping to £400 with an option to offer a reduced payment if paid within one week. The large scale/repeat incident of fly-tipping will not change.

11. SUMMARY OF INCOME

- 11.1 The original 2020/21 budgets and 2021/22 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2020/21 £	MTFP Target 2021/22 £	Original Estimate 2021/22 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	37,000	38,100	38,100	0
Dog Policy EPA	9,800	10,100	10,100	0
Bereavement Services	1,533,600	1,603,900	1,603,900	0
Allotments	19,100	19,700	19,700	0
Special Collections	58,900	60,700	60,700	0
Sports Pitches	4,400	4,500	4,500	0
Car Parking	1,094,600	1,055,800	625,800	430,000
MOT Testing	6,500	6,600	6,600	0
Assembly Rooms	6,600	6,600	6,600	0
Event Assets	600	600	600	0
Carlisle Focus	2,500	2,600	0	2,600
Advertising	65,500	67,500	12,500	55,000
OFS – Ticket Sales	67,400	69,400	69,400	0
OFS – Room Lettings	3,200	3,300	3,300	0
OFS – Commercial Lettings	13,700	13,700	13,700	0
	2,923,400	2,963,100	2,475,500	487,600
Talkin Tarn Car Park	41,700	42,900	42,900	0
Total	2,965,100	3,006,000	2,518,400	487,600

11.2 The charges highlighted within this report will result in an anticipated level of income of £2,518,400 against the MTFP target of £3,006,000. This represents a shortfall of £487,600 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 1st April 2021 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
attached to report:**

Appendices 1 to 14 Attached

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

- None

CORPORATE IMPLICATIONS:

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

FINANCE – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £2,518,400 against the MTFP target of £3,006,000. This represents an overall shortfall of £487,600. Budget pressures in respect of Car Parking Income and Advertising are being considered as part of the 2021/22 budget process.

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 2020/21			Proposed New Charge 2021/22	Comment 2021/22
Charities, Education and Public Information Events	N/A			N/A	
Large Commercial Markets	£1,127 per day			£1,162 per day	
Farmers Markets (e.g. Local Traders)	£17.50 per stall per day			£18 per stall per day	
Large Children's Ride	£97 per ride per day			£100 per stall per day	
Small Children's Ride	£73 per ride per day			£75 per stall per day	
Commercial Promotions	Daily charge per 3m x 3m or 9m²				
	One pitch £68			One pitch £70	
	Two pitches £136			Two pitches £140	
	Three pitches £203			Three pitches £209	
	Four pitches £270			Four pitches £278	
	Max charge £270			Max charge £278	
Large Commercial Promotions	£553 per promotion			£570 per promotion	
Commercial Promotions Cancellations and No Shows	Daily Rate			Daily Rate	Full daily rate of the promotion to cover staffing costs and loss of income
Large Events	£1,127 per day			£1,162 per day	A large event would occupy all available space in the City Centre
Pavement Cafes	Current Charges 2020/21			Proposed New Charge 2021/22	Comment 2021/22
County Council administration fee payable when licence granted	£24			£25	
City Council administration fee, payable annually to cover:-					
- Up to 2 tables and 4 chairs	£134			£138	
- Each additional table and 2 chairs	£39			£40	
- Legal fee for preparation of licence	£240			£247	
Event Infrastructure	CITY CENTRE EVENT BOOKING CHARGES				
3rd Party Hire	Current Charges 2020/21		Proposed New Charge 2021/22	VAT	Comment 2021/22
Gazebo/Stall Hire (including put up and take down)	£55.00		£57.00	as applicable	
Table	£6.50		£6.50	as applicable	
Events	Current Charges 2020/21	VAT	Proposed New Charge 2021/22	VAT	Comment 2021/22
3m x3m pitch only	£27		£28	N/A	
6m x3m pitch only	£53		£55	N/A	
table and 1 chair	£10		£10.50	N/A	
3m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£42		£43	as applicable	
6m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£84		£86	as applicable	
Contribution to generator hire - power up to 5kva	£10		£10.50	as applicable	
Contribution to generator hire - power up to 10kva	£22		£23	as applicable	
Fireshow (Bitts Park)	Current Charges 2020/21	VAT	Proposed New Charge 2021/22	VAT	Comment 2021/22
Periphery pitches (five available)	£148	-	£152	N/A	NB An occasional street trading licence will be necessary to apply for any of these pitches
Premium pitches (3 available)	£266	-	£274	N/A	

			APPENDIX 2
CAR PARKS TICKET CHARGES			
WEST WALLS			Additional Notes 2021/22
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	Propose to remove the early bird tariff due to lack of interest and this car park being used primarily as a shoppers car park. Check in-Check out is being trialled in this car park, customers who select this option may pay a different rate (pro-rata)
Up to 1 hour	£1.20	£1.30	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.70	£2.80	
3 to 4 hours	£3.30	£3.40	
4 to 9.5 hours	£4.10	£4.30	
Early Bird - Pay before 10.30am for the early bird price Monday to Friday only	£3.60	Remove	
CIVIC CENTRE			
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	
Up to 1 hour	£1.20	£1.30	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.70	£2.80	
3 to 4 hours	£3.30	£3.40	
4 to 9.5 hours	£10.30	£10.60	
BITTS PARK			
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	
Up to 1 hour	£1.20	£1.30	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.70	£2.80	
3 to 4 hours	£3.30	£3.40	
4 to 9.5 hours	£5.20	£5.40	
LOWTHER STREET			
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	
Up to 1 hour	£1.20	£1.30	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.70	£2.80	
3 to 4 hours	£3.30	£3.40	
4 to 9.5 hours	£5.20	£5.40	
PADDY'S MARKET			
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	Propose to remove all tariff and make this an all day charge car park - propose all day tariff of £2.70
Up to 1 hour	£1.20	REMOVE	
1 to 2 hours	£2.10	REMOVE	
2 to 3 hours	£2.40	REMOVE	
4 to 9.5 hours	£2.60	REMOVE	
ALL DAY TARIFF	N/A	£2.70	
THE SANDS/SWIFTS BANK			
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge	4-9.5 hour tariff increased to bring in line increment charge between tariffs.
Up to 1 hour	£1.20	£1.30	
1 to 2 hours	£2.10	£2.20	
2 to 3 hours	£2.50	£2.60	
3 to 4 hours	£3.00	£3.10	
4-9.5 hours	£3.10	£3.70	
Early Bird - Pay before 10.30am for the early bird price to park all day Monday to Friday only	£2.60	£2.70	

VIADUCT					
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge			
Up to 1 hour	£1.20	£1.30			
1 to 2 hours	£2.10	£2.20			
2 to 3 hours	£2.40	£2.50			
3 to 4 hours	£2.80	£2.90			
4 to 9.5 hours	£3.60	£3.70			
Early Bird - Pay before 10.30am for the early bird price to park all day Monday to Friday only	£2.90	£3.00			
CALDEW RIVERSIDE					
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge			
Up to 1 hour	£1.20	£1.30			
1 to 2 hours	£2.00	£2.10			
2 to 3 hours	£2.40	£2.50			
3 to 9.5 hours	£2.80	£2.90			
CASTLE			Propose to increase tariff to bring in line with Caldeu Riverside which serves as a visitor/long stay car park and location to City Centre		
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge			
Up to 1 hour	£1.20	£1.30			
1 to 2 hours	£1.90	£2.10			
2 to 3 hours	£2.30	£2.50			
3 to 9.5 hours	£2.60	£2.90			
Minibuses, Campers, Motor Homes, Caravans and Motor Caravans	£3.60 All Day	£3.70 all day			
TALKIN TARN					
Tariff Band	2020/21 Charge	Proposed 2021/22 Charge			
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	£4.80			
	Coaches - up to 12 hrs £5.80	£6.00			
ANNUAL MEMBERSHIP PARKING PERMIT	£55.00	£60.00			

CAR PARK PERMIT CHARGES										
Car Park	2020/21 Charges Permits valid work days (5 out of 7)		2020/21 Charges (Equivalent daily charge £)	2021/22 Proposed Charges Permits valid work days (5 out of 7)		2021/22 Proposed Charges Permits valid work days (5 out of 7)		2021/22 Proposed Charges Permits valid work days (5 out of 7)		Comments 2021/22
	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	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	
Bitts Park	£670	£65	£2.60	N/A	N.A	N/A	N.A	N/A	N.A	Remove due to lack of interest
Paddy's Market	£232	£25	£0.90	Propose a discount of 10% based on the daily charge x number of days x week plus the fee. This applies to all permits						
The Sands	£536	£52	£2.10							
Swifts Bank	£536	£52	£2.10							
Castle	£232	£25	£0.89							
Viaduct	£470	£45	£1.80							
Caldew Riverside	£258	£27	£0.98							

CAR PARK CHARGES FOR ALTERNATIVE USES

CAR PARK	2020/21 Charge		Proposed Charge 2021/22		2021/22 Comment
	Essential/ Commercial at current rate	Trading	Essential/ Commercial at current rate	Trading	
Civic Centre	£10.60	N/A	£10.90	N/A	
West Walls	£10.60	P.O.A	£10.90	POA	
Bitts Park	£5.30	P.O.A	£5.50	POA	
Lowther Street	£5.30	N/A	£5.50	N/A	
Paddy's Market	£4.25	P.O.A	£4.40	POA	
The Sands	£4.25	P.O.A	£4.40	POA	
Swifts Bank	£4.25	P.O.A	£4.40	POA	
Viaduct	£4.25	P.O.A	£4.40	POA	
Castle	£3.20	P.O.A	£3.30	POA	
Caldew Riverside	£3.20	N/A	£3.30	POA	

ALLOTMENT CHARGES

TYPE OF CHARGE	2020/21 Charge	Proposed Charge 2021/22	2021/22 Comment
Rental	31p per square metre	32p per square metre	3% Increase
Water Supply	£12.40 for the year	£12.80 for the year	3% Increase

USE OF PARKS CHARGES					
	2020/21 Charge		Charge 2021/22		2021/22
		LARGE EVENT INC CATERING PER EVENT		LARGE EVENT INC CATERING PER EVENT	Comment
TYPE OF ACTIVITY/EVENT	MINIMUM FEE		MINIMUM FEE		
*Low key' commercial use – *Caterers' selling hot & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£70 per day	N/A	£72 per day	N/A	3% Increase
*Fun Fairs	1-10 rides/stalls £365 plus VAT per open day 11-15 rides/stalls £500 plus VAT per open day 16-20 rides/stalls £639 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	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	3% Increase
*Fun Fairs Building & Derigging Charges	1-10 rides/stalls £90 plus VAT per day 11-15 rides/stalls £125 plus VAT per day 16-20 rides/stalls £160 plus VAT per day Over 20 rides/stalls by negotiation	N/A	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	3% Increase
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£255 plus re-instatement cost	£248 per day plus re-instatement cost	£263 plus re-instatement cost	£256 per day plus re-instatement cost	3% Increase
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,251 plus re-instatement	£1,214 per customer/per day plus re-instatement costs	£1,290 plus re-instatement	£1,252 per customer/per day plus re-instatement costs	3% Increase
Fully Commercial Events – takings from sale of consumables (additional charge)	£58 per catering unit	£58 per catering unit	£60 per catering unit	£60 per catering unit	3% Increase
Commercial pitch (Catering, trade stands etc.)	£55 to £240		£57 to £247		3% Increase. Exact price dependent on size of stall and length of event
Charity and not for profit organisations pitch	£25 to £50		£26 to £52		
NB The above charges are subject to VAT where applicable.					
Memorialisation in Green Spaces	These are currently dealt with on a case by case basis, in line with Bereavement Services memorialisation charges if applicable. Over time it is intended to develop further opportunities for Memorialisation in Green Spaces to meet the demand from the public.				

FOOTBALL PITCHES CHARGES			
SPORTS PITCHES TYPE OF USE	Existing Charge 2020/21	Proposed Charge 2021/22	Comment
Senior Clubs per match	£70.00	£72.00	3% increase
Junior Clubs per match	£35.00	£36.00	3% increase
<u>Pitch and Accommodation/Season*</u>			
Senior Clubs	£653.00	£673.00	3% increase
Junior Clubs	£197.00	£203.00	3% increase
*Includes use of showers, changing facilities and training room if available			
<u>Pitch Only/Season</u>			
Senior Clubs	£249.00	£257.00	3% increase
Junior Clubs	£75.00	£77.00	3% increase
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Existing Penalty 2020/21	Proposed Penalty 2021/22	Comment
Senior Clubs/match	£80.00	£80.00	No change
Junior Clubs/match	£80.00	£80.00	No change

TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES

TALKIN TARN OTHER ACTIVITIES	2020/21 Charge	Proposed 2021/22 Charge	2021/22 COMMENT
Education Cabin Hire	£37 per half day	£38 per half day	3% increase
	£70 per full day	£72 per full day	3% increase
	£8.30 per hr - min. charge 2 hrs	£8.50 per hr - min. charge 2 hrs	3% increase
The Alex Boathouse Hire	15% of any takings	15% of any takings	
Water Sports Day Permit	£8.30	£8.50	3% increase
Annual Water Sport Permit	£387 (For Groups)	£399 (For Groups)	3% increase
	£133.00 (For Individuals)	£137 (For Individuals)	3% increase
Fishing Permit	£3.40 adult per day	£3.50 adult per day	3% increase
	£2.36 child per day	£2.43 child per day	3% increase
	£35 Annual Permit	£36 Annual Permit	3% increase
Annual Registration Fee for Swimming	£11.85 per adult	£12.20 per adult	3% increase

BEREAVEMENT SERVICES CHARGES			
Product/Service	2020/21 Charge	2021/22 Proposed Charge	2021/22 Comment
CREMATION - VAT NOT INCLUDED			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	FOC	FOC	
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	870.00	896.00	3% increase
Cremation Body Parts, Blocks and Slides	88.00	90.00	3% increase
Additional copies of Cremation Certificates	29.00	30.00	3% increase
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	29.00	30.00	3% increase
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	54.00	56.00	3% increase
Additional 40 minute service time for Cremation	140.00	144.00	3% increase
MISCELLANEOUS - VAT NOT INCLUDED			
Use of Chapel of Rest/Chilled Storage 24 hours	20.50	21.00	3% increase
48 hours	37.00	38.00	3% increase
72 hours	51.50	53.00	3% increase
Placing of Cremated Remains from away in Garden of Remembrance/Woods	70.00	72.00	3% increase
Postage of Cremated Remains (UK)	56.50	Remove from list	Existing courier has withdrawn this service, comparable costs too high, FD to arrange postage with Family (very limited Impact on income)
Containers Plastic Urn	21.50	22.00	3% increase
Metal Urn	32.00	33.00	3% increase
Casket	48.50	50.00	3% increase
Baby Urn	7.80	8.00	3% increase
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	20.50	21.00	3% increase
BURIAL - VAT NOT INCLUDED			
Interment N/F, Stillborn or Child up to 1 month	FOC	FOC	
Interment of child 1 month to 17 years	FOC	FOC	
Interment over 18 years	780.00	803.00	3% increase
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	FOC	FOC	
Interment over 18 years (out of hours: Mon-Sat)	1044.00	1075.00	3% increase
Interment of child 1 month to 17 years (out of hours: Sunday)	FOC	FOC	
Interment over 18 years (out of hours: Sunday)	1129.00	1163.00	3% increase
Interment of child 1 month to 17 years (out of hours: Bank Hols)	FOC	FOC	
Interment over 18 years (out of hours: Bank Hols)	1216.00	1252.00	3% increase
Interment of Cremated Remains (Per Set)	238.00	245.00	3% increase
Interment of Body Parts, Blocks and Slides	70.00	72.00	3% increase
Purchase of Exclusive Right of Burial			
NB Choice of 2 periods: 30 years and 50 years			
30 Year Term			
Grave used for burial of child up to 18 years	75.00	77.00	3% increase
Grave used for burial of person over 18 years	742.00	764.00	3% increase
Grave used for burial of Cremated Remains	260.00	268.00	3% increase
50 Year Term			
Grave used for burial of child up to 18 years	99.00	102.00	3% increase
Grave used for burial of person over 18 years	1245.00	1282.00	3% increase
Grave used for burial of Cremated Remains	433.00	446.00	3% increase
WOODLAND BURIAL			
30 Year Term			
Adult Grave for one burial	289.00	297.50	3% increase
Adult Grave for two burials	578.00	595.00	Calculated as twice the single burial option
Grave for Cremated Remains	289.00	297.50	3% increase
50 Year Term			
Adult Grave for one burial	481.00	494.50	3% increase
Adult Grave for two burials	960.00	989.00	Calculated as twice the single burial option
Grave for Cremated Remains	481.00	494.50	3% increase
Recycled Graves			
Adult burial only	718.00	Remove from list	The authority does not use this option.

Erection of Memorial etc			
Placing a Headstone/Monument to cover one grave space	190.00	196.00	3% increase
Placing a Headstone/Monument to cover two grave spaces	382.00	392.00	Calculated as twice the single burial option
Placing a Headstone/Monument to cover three grave spaces	572.00	588.00	Calculated as three times the single burial option
Placing an additional inscription or memorial vase	75.00	77.00	3% increase
Replacement of existing Headstone	93.00	96.00	3% increase
USE OF BURIAL CHAPELS - VAT NOT INCLUDED			
Richardson Street	140.00	144.00	3% increase
Stanwix	140.00	144.00	3% increase
MISCELLANEOUS - VAT NOT INCLUDED			
Transfer of Grave Rights/Statutory Declaration	57.00	59.00	3% increase
Re turf graves (<i>at management discretion</i>)	32.00	33.00	3% increase
Search Records (with date supplied)	24.50	25.00	3% increase
Search Records (no date/vague date supplied)	30.00	31.00	3% increase
Seat Maintenance	112.00	115.00	3% increase
Discretionary charge to Funeral Directors exceeding allocated service time	70.00	144.00	Bring the price in line with additional 40 minute service cost to encourage use of double slot if required and discourage over running of single slots
Use of organ	24.00	25.00	3% increase
Location and on-site identification of grave spaces	39.00	40.00	3% increase
MEMORIALISATION FEES – VAT INCLUDED			
Book of Remembrance			
2 line entry	75.00	77.00	3% increase
5 line entry	150.00	140.00	Reduce price in line with commercial review/analysis of pricing
5 line entry + Flower Emblem or Badge	214.00	210.00	Reduce price in line with commercial review/analysis of pricing
8 line entry	168.00	173.00	3% increase
8 line entry + Flower Emblem or Badge	249.00	238.00	Reduce price in line with commercial review/analysis of pricing
Remembrance Cards			
2 line entry	48.00	49.00	3% increase
5 line entry	82.00	85.00	3% increase
5 line entry + Flower, Emblem or Badge	155.00	160.00	3% increase
8 line entry	105.00	108.00	3% increase
8 line entry + Flower, Emblem or Badge	174.00	179.00	3% increase
Baby Book of Remembrance			
Per line	11.00	11.50	3% increase
Motifs	78.00	80.00	3% increase
Granite Plaques			
2 lines inscribed	469.00	360.00	Reduce price in line with commercial review/analysis of pricing
3 lines inscribed	528.00	463.00	Reduce price in line with commercial review/analysis of pricing
4/5 lines inscribed	614.00	567.00	Reduce price in line with commercial review/analysis of pricing
Each reserved line inscribed	100.00	103.00	3% increase
Bronze Plaques			
2 up to 4 lines inscribed	456.00	364.00	Corrected price error from 2019 paper
Replacement Bronze Plaque	137.00	141.00	3% increase
Sheepfold Plaque	417.00	430.00	3% increase

Hardwood Seats			
Hardwood Seat	1275.00	1175.00	Split out purchase and maintenance to give customer choice and to match costs of providing the service
Maintenance of Bench on request (Cleaned and stained)	n/a	150.00	
Recording of Cremation Service	70.00	72.00	3% increase
Heather Garden Memorials			
Sanctum	n/a	740.00	New General Sanctum Category with lower pricing in line with Commercial Review
Extra letters/figures	n/a	7.00	
Flower Vase holder	n/a	30.00	
Sanctum 2000	1125.00	Remove from list	Remove as new general "Sanctum" price incorporated into pricing structure following commercial review
Extra letters/figures	6.80	Remove from list	
Replacement Plaque	302.00	Remove from list	
Memorial Vase and Tablet	621.00	450.00	Reduce in line with Commercial Review recommendations
Replacement Plaque	289.00	225.00	Reduce in line with Commercial Review recommendations Remove as new general "Sanctum" price incorporated into pricing structure following commercial review
New Sanctum 12's	719.00	Remove from list	
Extra letters/figures	6.80	Remove from list	
Flower Vase holder	30.00	Remove from list	
Replacement Plaque	318.00	Remove from list	
New Octagon Planter Plaques	289.00	155.00	Reduce in line with Commercial Review recommendations
Replacement Plaque	120.00	120.00	Reduce in line with Commercial Review recommendations
Mushroom Plaques	289.00	300.00	3% increase

APPENDIX 10			
EVENT ASSET CHARGES			
DESCRIPTION	2020/21 Charges	2021/22 proposals	2021/22 Comment
DIGITAL BANNER CHARGES			
Digital Banner commercial peak time 1	£212.50	£219.00	3% Increase
Digital Banner commercial peak time 2	£243.75	£251.00	
Digital Banner commercial peak time 3 a & b	£93.75	£97.00	
Digital Banner commercial off peak 1 to 4	£187.50	£193.00	
Week - 7 consecutive days	£1,062.50	£1,095.00	
Block bookings of the digital banner get a 10% discount on rates.			
TOURIST INFORMATION CENTRE ROOM BOOKINGS			
	2020/21 Charge	2021/22 Charge	2021/2022 Comments
Assembly Room Hire			
Charges per session as follows:-			
Morning Session 9:30am – 1.00pm	£72.00	£74.00	3% increase
Afternoon Session 1.30pm – 5.00pm	£72.00	£74.00	3% increase
All Day 9:30am -5.00pm	£144.00	£148.00	3% increase
Evening 6.30pm – 10.00pm	£72.00	£74.00	3% increase
Afternoon + Evening Session 1.30pm – 10.00pm	£144.00	£148.00	3% increase
Each additional hour	£26.00	£27.00	3% increase
Hourly rate	£31.00	£32.00	3% increase
Laptop hire	£5.00	£5.00	
N.B. The following groups and organisations get a discount of 50% for a morning or afternoon session, 30% for an evening session and 50% for double sessions including evenings will be allowed:			
i. Registered Charities			
ii. O.A.P. Groups			
iii. Other community groups e.g. community organisations, unemployed groups etc.			

WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2020/21 Charge	Proposed 2021/22 Charge	2021/22 COMMENT
Replacement 140 litre Refuse Bin (New)	£20.00 delivered	£16.00 delivered	Price reduced to encourage choice of smaller bins to reduce waste, increase recycling and support the climate change strategy.
	£15.00 collected	£12.00 collected	25% reduction if customer is able to collect
Replacement 180 litre Refuse Bin (New)	N/A	£20.00 delivered	New bin size option at half the price of a 240l bin. Some households may be able to reduce their bin size but feel a 140l would be too small. This will help to reduce waste, increase recycling and support the climate change strategy.
	N/A	£15.00 collected	25% reduction if customer is able to collect
Replacement 240 litre Refuse or Garden Waste Bin (New)	£40.00 delivered	£40.00 delivered	No change
	£30.00 collected	£30.00 collected	25% reduction if customer is able to collect
Replacement 140 litre Refuse Bin (Refurbished)	£8.00 delivered	£8.00 delivered	Half the price of a new 140 litre bin to select the refurbished alternative (if available) to reduce demand for 'new plastic'
	£4.00 collected	£6.00 collected	25% reduction if customer is able to collect from Bousteads and further incentivised to encourage choice of smaller bin to support re-use
Replacement 180 litre Refuse Bin (Refurbished)	N/A	£10.00 delivered	Half the price of a new 180 litre bin to select the refurbished alternative (if available) to reduce demand for 'new plastic'
	N/A	£7.50 collected	25% reduction if customer is able to collect from Bousteads and further incentivised to encourage choice of smaller bin to support re-use
Replacement 240 litre Refuse or Garden Waste Bin (Refurbished)	£20.00 delivered	£20.00 delivered	No increase to encourage choice of the refurbished alternative (if available) to reduce demand for 'new plastic'
	£15.00 collected	£15.00 collected	25% reduction if customer is able to collect
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
	£22.00 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'	N/A	£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
	N/A	£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'	N/A	£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 180litre bin
	N/A	£22.50 collected	25% reduction if customer is able to collect
160 litre Standard Seagull Sack	£18.00 delivered	£18.00 delivered	No change. Price remains to encourage customers to choose the smaller gull sack and recycle more.
	£9.00 collected	£13.50 collected	25% reduction if customer is able to collect
90 litre Seagull Sack	£8.00 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.
	£4.00 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	No change
	Free collected	Free collected	
Recycling Box (Green)	£2.00 delivered	£2.00 delivered	No change
	Free collected	Free collected	
Bulky Waste Collections (up to 3 items)	£24.00	£25.00	3%
Bulky Waste collections (4 to 6 items)	N/A	£5.00 per item	New offer to generate additional income and offer improved service for residents at £5.00 per additional item above the £25.00 fee for the first three items - up to a total of six items (£40)
Provision 1100l Euro Bins to new-build flats	2018/19 - £330+delivery 2019/20 onwards - Free	TBC	Discussion to be held with developers regarding contribution towards euro bins

			APPENDIX 12
GARAGE CHARGES			
TYPE OF CHARGE	2020/21 Charge	Proposed Charge 2021/22	2021/22 Comment
MOT Testing	£45.00	£45.00	No change – to be competitive locally
MOT Testing	N/A	£40.00	Discounted rate for Carlisle City Council staff and their family members

ENFORCEMENT CHARGES			
DESCRIPTION OF CHARGE	Charge 2020/21	Proposed Charge 2021/22	COMMENTS 2021/22
PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES (Inclusive – VAT not applicable)			
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	£200	£400	
Flytipping - first offence or small fly-tipping incident - paid within one week of issue	n/a	£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	£80	£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 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	New FPN to deal with householder duty of care.
Engine idling (failing to turn off engine whilst stationary)*	n/a	£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.			

<u>STRAY DOGS (Inclusive – VAT not applicable)</u>	Charge 2020/21 First Incident	Charge 2020/21 Repeat Incident	Proposed Charge 2021/22 First Incident	Proposed Charge 2021/22 Repeat Incident	COMMENTS 2021/22
Day 1	£95.00	£175.00	£100.00	£180.00	The second/repeat incident is to encourage responsible dog ownership and to deter further incidents of dogs roaming. Owners have duty of care to ensure their dog is kept safe and free from harm.
Day 2	£115.00	£195.00	£120.00	£200.00	
Day 3	£135.00	£215.00	£140.00	£220.00	
Day 4	£155.00	£235.00	£160.00	£240.00	
Day 5	£175.00	£255.00	£180.00	£260.00	
Day 6	£195.00	£275.00	£200.00	£280.00	
Day 7	£215.00	£295.00	£220.00	£300.00	
Dog returned directly home (not kennelled)	£50.00	£130.00	£55.00	£135.00	

Corporate Charging Policy 2021/2022 TO 2025/26

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 2020/21 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?

Report to Executive

Agenda
Item:

A.1(b)(ii)

Meeting Date: 9 November 2020
Portfolio: Economy, Enterprise and Housing
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2021/22 - ECONOMIC DEVELOPMENT
Report of: CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number: ED.38/20

Purpose / Summary:

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

Recommendations:

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1st April 2021, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	9 November 2020, 14 December 2020
Scrutiny:	BTSP 1 December 2020 EGSP 26 November 2020 HWSP 19 November 2020
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 charges which have been reviewed, are addressed separately below.

3. CORPORATE CHARGING POLICY 2021/22 TO 2025/26

- 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 17 August 2020 and Full Council on 8 September 2020 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 £637,000 for the financial year 2021/22, reflecting an increase of 3% on 2020/21 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 2020/21, the target for income was set at £601,800 and 5 months into the year the predicted annual income is about 18% below target. Given the indeterminate nature of fee income from planning applications it is difficult to predict with accuracy that current budget levels will be achieved from income this year alone. In comparison to last year's budget monitoring there was a smaller deficit 6 months into the financial year which resulted in a year end just above target. It has been noticed that national uncertainty regarding Brexit is having a negative effect on the construction industry which can result in a slowing down of application numbers and has impacted on applications in the last 12 months. In addition, the impact of the COVID-19 pandemic has meant that some construction sites stopped working and those submitting applications were furloughed. As a result, although smaller householder work continues, the higher fee applications have slowed down. Discussions continue and some income may be recouped towards the end of the financial year. On the basis of last year's position, and the current restrictions due to management of the pandemic, it is envisaged the downward trend will continue and therefore a more realistic income target for Development Control for 2021/22 would be £575,000.

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 Home Life Grant Scheme

Building Control are assisting in the delivery of the Home Life Grant scheme providing surveying capacity to the Home Life team in order that they can deliver improvements to the existing housing stock of Carlisle. This is being provided on a cost recovery basis (not for profit), initially for 3 years only.

It has been agreed that the work will continue for the next financial year however, due to the national pandemic there has been a reduction in grant applications, inspections being carried out on a risk based assessment. This has impacted on the income generation for this financial year and is predicted to continue into the next.

4.7 Shop mobility

The shop mobility scheme enables persons including children with any mobility difficulty to access the town centre and all its facilities. Currently there is a nominal administration charge to be a member of the shop mobility scheme which is £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 2021/22.

4.8 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 £595,200 which is summarised in the table below:

Service Area	Original Estimate 2020/21 £	MTFP Target 2021/22 £	Original Estimate 2021/22 £	Shortfall or (Excess) over MTFP £
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	601,800	619,800	575,000	44,800
Building Control: Discretionary Charges	27,700	16,100	19,100	(3,000)
TOTAL	630,600	637,000	595,200	41,800

- 5.2 The acceptance of the charges highlighted within this report, will result in an anticipated level of income of £595,200 against the MTFP target of £637,000.

6. CONSULTATION

- 6.1 Consultation to Date – None.

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

7. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2021, noting the impact these will have on income generation as detailed within the report.

8. CONTRIBTUION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Jane Meek

Ext: 7190

Appendices
attached to report:

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

- None

CORPORATE IMPLICATIONS/RISKS:

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

FINANCE – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £595,200 against the MTFP target of £637,000. This represents a shortfall of £41,800 which is being considered as part of the 2021/22 budget process.

EQUALITY – None

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

APPENDIX 1

PLANNING SERVICES

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

General Charges – All Sections

Fee Description	20/21 Charge £	21/22 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	£1.40 per copy	01/04/2021	3.7%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	£1.85 per copy	01/04/2021	4.5%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	£2.80 per copy	01/04/2021	3.7%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.50 (inc VAT)	01/04/2021	4.8%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.50 initial fee & £14.50 each additional hour + copying charges	01/04/2021	3.5%
High Hedges submission fee**	385.00	462.00	01/04/2021	20%

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

Additional Charges – Building Control

New Properties

Numbering new streets and naming of properties	Charge 20/21 £	Charge 21/22 £	Increase %
New individual property	44.55	45.89	3
New Street	133.67 for the first 10 units and 9.0 per unit thereafter	137.68 for the first 10 units and 9.27 per unit thereafter	3
Redevelopment of existing building	44.55	45.89	3
Alteration in either street name or property re numbering of a development after initial street name and numbering has been undertaken.	133.67 for the first 10 units and 9.0 per unit thereafter	137.68 for the first 10 units and 9.27 per unit thereafter	3
Confirmation of postal address to solicitors or conveyances.	22.28	22.94	3

Existing Properties and Changes of Use

Re numbering and renaming existing properties	Charge 20/21 £	Charge 21/22 £	Increase %
Change of existing house name	44.55	45.89	3
Adding an alias to a numbered property	44.55	45.89	3
Change of building name, flats etc	89.09 + 9.0 per unit	91.76 + 9.27 per unit	3
Request for street name change	222.48 + 44.55 per property	229.15 + 45.89 per property	3
Request for street numbering where none existed	222.48 + 44.55 per property	229.15 + 45.89 per property	3
Sub division of existing building into individual units	44.55 + 22.63 per property	45.89 + 23.30	3

Additional Building Control Discretionary Charges

Building Control/ discretionary charges	Charge 20/21 £	Charge 21/22 £	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 44.55 + VAT	1 hour 45.89+ 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.	133.67	137.68	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 133.67 Free	137.68	3

Dangerous structures where formal action is being taken under section 77 and 78 of the Building Act 1984.	During normal working hours 44.56 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.	During normal working hours 45.89 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis .	3
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Shop Mobility

Fee Description	20/21 Charge £	21/22 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 – Local Plans

Fee Description	20/21 Charge £	21/22	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	3.00	01/04/21	New

* 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 2021/22 TO 2025/26

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 2020/21 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

- ☐ Central government policy objectives

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

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

**Agenda
Item:**

A.1(b)(iii)

Meeting Date: 09 November 2020
Portfolio: Cross Cutting
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework: YES
Public / Private: Public

Title: CHARGES REVIEW REPORT 2021/22 - GOVERNANCE AND REGULATORY SERVICES
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD 48/20

Purpose / Summary:

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

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

Recommendations:

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1st April 2021 noting the impact these will have on income generations as detailed within the report.

Tracking

Executive:	09 November 2020, 14 December 2020
Scrutiny:	BTSP 01/12/20; EGSP 26/11/20; HWSP 19/11/20
Council:	N/A

1. BACKGROUND

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

2. CORPORATE CHARGING POLICY 2021/22 TO 2025/26

- 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 17 August 2020 and full Council on 08 September 2020 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 £882,800 for the financial year 2021/22 reflecting an increase of 3% on 2020/21 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** – 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 has been reduced from 10% to 5% for 2021/22 as the merger of the landlord associations makes 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 2021/22 is set out below:

	Number of applications	Income
Projected number of new HMO licence applications (£590)	5	£2,950
Forecast of renewals of existing HMOs (£371)	15	£5,565
Expected income generation 2021/22		£8,515

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

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

After an application is received the Council aims to inspect the property within 10 working days.

The table below outlines the proposed charges for 2021/22:

Proposed cost of application	£150(inc. VAT)
Option to fast track application and inspect within 5 working days	£168 (inc. VAT)
Expected income generation 2021/22	£600 (4 visits)
Income Budget 2021/22	£500

- 3.4 The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The formula for charging will remain the same, but the hourly cost is updated to reflect hourly rates across Regulatory Services. The hourly rate includes all the expenditure costs in providing the services. The standardised hourly rate for Regulatory Services in 2021/22 is £67.40.
- 3.5 The Housing and Planning Act 2016 allow civil penalties to be imposed by the City Council as an alternative to prosecution for certain housing standard offences. The Executive considered and agreed the civil penalty levels for Carlisle on the 25th September 2017 (GD 61/17).
- 3.6 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 application. 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 Mandatory DFGs are contained within **Appendix A**. 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.
- 3.7 **Appendix B** – sets out the fees and charges associated with the Food & Public Protection Team. There are no proposed new charges for the 2021/22 period. The fixed penalty fines in relation to Coronavirus statutory offences have not been included in the report as the legislation which fixes these fines has been subject to regular changes.
- 3.8 **Appendix C** - sets out the proposed fees for the Council's Pest Control Service. A new fee has been introduced for the treatment of rats in domestic premises. This has previously been provided on a no-charge basis. Through its free service and sewer baiting the Council does take a proactive stance in the treatment of rats, however a noticeable increase in requested rat treatments in recent years has placed pressure on the pest control service. Although it is a desirable option not to charge for rat

treatments, the service must re-evaluate its income generation to ensure the valuable service to residents is sustainable. The proposed charge of £46.67 (£56.00 inc. VAT) for rat treatments in domestic premises will be consistent with the charges applied for the treatments of mice, wasps, ants, fleas and cockroaches. It is anticipated that this fee will allow the Council to reduce its net expenditure, thereby protecting the future of the pest control service, which is an essential part of a clean and healthy Carlisle. There is no legal obligation on the local authority to provide free rat treatments at domestic premises.

4. HOMELESS, PREVENTION and ACCOMMODATION SERVICES

Proposed Homeless Accommodation Rental Charges for 2021/22:

- 4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, Homeless Act 2002 and amended by the Homeless Reduction Act 2017, to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 56 days; and are deemed to be vulnerable under the legislation.
- 4.2 The services are based on a pathways model of assessment and provision; delivering 24-hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Strategy 2015-20.
- 4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.
- 4.4 It is proposed to increase Homeless Accommodation rental charges by 3% as this reflects the actual costs of providing the services. 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. 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 2016. 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 £79.00 for domestic properties. The fee for Standard Enquiries for commercial properties is currently £100.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

5.5 Proposed Fees

5.5.1 It is recommended that the Council sets its fees for 2021/22 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 2020/21, therefore, are (including the 10% discount for those searches submitted online):

	Con 29R
Domestic Properties	£90.00 (Standard Enquiry for one parcel of land) £81.00 (NLIS 10% on-line discount) £11.00 (Each extra parcel of land)
Commercial Properties	£110.00 (Standard Enquiry for one parcel of land) £99.00 (NLIS 10% on-line discount) £22.00 (Each extra parcel of land)

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

Authority	Fee for CON29R (incl. VAT) £
Allerdale	96.00

Barrow	
- Domestic properties	82.73
- Commercial properties	110.21
Copeland	102.00
Eden	90.00
South Lakeland	83.00

- 5.5.4 Budgeted income from the Land Charges service for 2020/21 was £95,100. Actual income is forecast to be approximately £60,000. The cause of this reduction in income is threefold. Firstly, the housing market, on which the service is dependent, dropped drastically during the period April – August 2020 because of the measures taken nationally to combat Covid-10. While the market has since recovered and is currently buoyant, it is unlikely that work will pick up sufficiently to compensate for income lost. 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. 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. In 2017/18 the Council reduced CON29 charges for domestic properties, partly to reflect the lesser amount of work compared to commercial properties, but partly also to increase our competitiveness vis a vis personal search companies. An analysis as to whether this has increased our market share is ongoing. It will take time to increase our market share, particularly as 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 2021/22 of £97,900.
- 5.5.6 It must be realised, however, that in 2021/22 the Council will no longer be in receipt of any LLC1 income, post transfer to HM Land Registry. This amounts to a loss of approximately £37,900.
- 5.5.7 It is, therefore, unlikely that this target income for 2021/22 would be achievable. A revenue pressure bid is being submitted for the £37,900 lost LLC1 income.
- 5.5.8 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.

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

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

5.5.11 The proposed charges are set out at **Appendix G**.

5.6 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 £116.83 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £120.00 is recommended from 1 April 2021. The number of room bookings has fallen 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 restrictions continue. Therefore, while there is no longer a regular stream of bookings the Council does receive a guaranteed rental income instead. It is anticipated that, following the redevelopment of the ground floor, the desirability of the facilities will increase.

- 5.7.2 The charge levied for the sale of Council Minute Books is £22.30 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy, 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**.
- 5.7.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. 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.
- 5.7.4 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.
- 5.7.5 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2nd class mail at the prevailing rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2021/22.

5.8 Training

- 5.8.1 In the financial year 2014/15, the Council introduced charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge is currently £425.00 plus VAT for one three-hour session (per group of 12) plus expenses if outside Carlisle District.
- 5.8.2 In the financial year 2017/18, a charge was introduced providing training in Data Protection. The charge is currently £425 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 £440 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

5.9 Summary of Income Generated

5.9.1 The introduction of the charges proposed is forecast to generate income of £845,300 in 2021/22 which is summarised in the following table:

Governance Service Area	Original Estimate 2020/21 £	MTFP Target 2021/22 £	Original Estimate 2021/22 £	Shortfall or (Excess) over MTFP £
Land Charges (para 5.1 to 5.5)	95,100	97,900	60,000	37,900
Electoral Registers (para 5.6)	1,600	1,600	1,600	0
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	40,300	41,500	41,500	0
Food Safety	3,200	3,300	3,300	0
Housing – DFG's	62,500	62,500	62,500	0
Housing – HMO Licences	8,000	8,200	8,500	(300)
Housing – Immigration Inspections	500	500	600	(100)
Homelife Fees	43,000	34,500	34,500	0
Hostels	620,200	620,200	620,200	0
Total	887,000	882,800	845,300	37,500

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 2021 noting the impact these will have on income generation as detailed within the report.

6.3 Contribution to the Carlisle Plan Priorities

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

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

Appendices attached to report:

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

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

CORPORATE IMPLICATIONS/RISKS:

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

FINANCE – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £845,300 against the MTFP target of £882,800. This represents an overall shortfall of £37,500. The projected shortfall of £37,900 in respect of Land Charges income will need to be found from within existing base budgets. The slight increase in income projected from Housing fees will be retained within the service.

EQUALITY - None.

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

PROPERTY - No Property implications

APPENDIX A
Housing and Pollution Charges

<u>HOUSING AND POLLUTION</u> <u>(Inclusive – VAT not applicable)</u>	<u>2020 /</u> <u>2021</u>	<u>2021/</u> <u>2022</u>	COMMENT
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.
<u>PRIVATE WATER⁺ (Inclusive – VAT not applicable)</u>			
ANALYSIS CHARGES			
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
SAMPLING CHARGES			
Sampling (each visit)	£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)	£64.84	£67.40	Maximum amount is £100 for each investigation
Review of Risk Assessment	£162.10	£162.10	Maximum amount £500
Granting an authorisation (each authorisation)	£64.84	£67.40	Maximum is £100 for each authorisation
<u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u>			
Contaminated Land Information Request - per hour	£64.84	£67.40	Increase using consistent rates across Regulatory Services
<u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u>			
Works in default administration costs recovery	£18.50	£19.00	
Copying documents	14p per A4 sheet	14p per A4 sheet	

<u>MOBILE HOMES ACT 2013⁺ (Inclusive – VAT not applicable)</u>			These charges are calculated with a formula and have been adjusted by the 2020/21 hourly rate.
Licence Fee- example of typical charge for up to 5 pitches	£357.00	£370.00	
Licence Fee- amendment, expansion	£227.00	£236.00	
Licence Fee - Transfer	£276.00	£286.00	
Inspection Fee- example of typical charge for up to 5 pitches	£146.00	£152.00	
Council hosting of site rules	£65.00	£65.00	
HOUSING ACT 2004, HMO LICENCE FEES			New formula to reflect cost of delivering service
Cost of new HMO Licence (per 8 letting units)	£567.00	£590.00	New legislation for HMOs
Cost of renewal of HMO Licence (per 8 letting units)	£357.00	£371.00	New legislation for HMOs
Cost of every additional unit above 8	£16.21	£17.00	New legislation for HMOs
Maximum licence fee	£950.00	£1000.00	New legislation for HMOs
Discount on HMO fee for NLA accredited Landlords	10% discount	5% discount	Merger of landlord associations, wider membership.
Cost of additional correspondence	£32.00	£32.00	New legislation for HMOs
IMMIGRATION INSPECTIONS (rates are inclusive of VAT)			
Fast Track Application	£168.00	£168.00	
Standard application	£150.00	£150.00	
ENFORCEMENT TIME, HOUSING ACT 2004			
Charged at Officer hour	£64.84	£67.40	Consistent rate across Regulatory Services

Empty Property Owner VAT support letter	£16.00	£16.00	
DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES			Amendments have been made to ensure consistency; prices are now inclusive of VAT.
Level Access Shower	£728.29	£908.00	Increase in office hours, reflection on time spent and VAT as standard
Shower toilets	£689.39	£787.00	Increase in office hours, reflection on time spent and VAT as standard
Ramps	£728.39	£907.00	Increase in office hours, reflection on time spent and VAT as standard
Stair lifts	£689.39	£787.00	Increase in office hours, reflection on time spent and VAT as standard
Door Widening	£728.29	£908.00	Increase in office hours, reflection on time spent and VAT as standard
Major Adaptations	£1539.56	£1655.00	Increase in office hours, reflection on time spent and VAT as standard
Smaller Adaptations and non-framework adaptations	£835.63	£889.00	Increase in office hours, reflection on time spent and VAT as standard
Renovation Grant Costs	£553.73	£585.00	Increase in office hours, reflection on time spent and VAT as standard
Flat rate fee for additional lots, for DFG and renovation Grants	£369.58	£370.00	Increase in office hours, reflection on time spent and VAT as standard
Fee Charged for abortive works, after approval (New)	£466.04	£485.00	To recover fees where applications discontinued after Contractor/ Architect designs commissioned
Fee Charged for basic support only (New)	£486.30	£503.00	Checking and authorisation fee where applicant progresses own architects etc, but still requires guidance or significant input

Hourly charge for home visits	£64.84	£67.40	Increase using consistent rates across Regulatory Services
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APPENDIX B
Food Safety Charges

FOOD & PUBLIC PROTECTION (VAT is not included and is charged at Standard Rate unless stated)	<u>2020 / 2021</u>	<u>2021 / 2022</u>	COMMENT
Certification of unsaleable food	£36.33 (£43.60 inc. VAT)	£37.50 (£45.00 inc. VAT)	
Food Hygiene Training	£218.52	£226.00	3 Hour Training Session (up to max of 12 people)
Health and Safety Statement of Fact (per hour)	£64.84	£67.40	Consistent Regulatory Services Hourly Rate
Export Certificate	£26.80	£28.00	3% increase
FHRS Re-rating Fee	£203.91	£210.00	
Cost of Officer time where applicable (per hour)	£64.84	£67.40	Consistent Regulatory Services Hourly Rate
Health Act 2006: - Smoking in Smoke free place or vehicle	£50.00	£50.00	(VAT not applicable)
	£30.00	£30.00	(VAT not applicable)
Health Act 2006: - Failing to prevent smoking in a smoke free place/vehicle	£50.00	£50.00	(VAT not applicable)
	£30.00	£30.00	(VAT not applicable)
Health Act 2006: - Failure to display smoke free' signage	£200.00	£200.00	(VAT not applicable)
	£150.00	£150.00	(VAT not applicable)

APPENDIX C
Pest Control Charges

<u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) - <u>Example of typical charges</u>	<u>2020 / 2021</u>	<u>2021 / 2022</u>	<u>Comment</u> Based on 3% increase
Standard Commercial Contract Service (Duration 12 months)	Price on application	Price on application	
Standard Farm Contract Service (Duration 12 months)	£388.17 (£465.80 inc. VAT)	Price on application	Price on application introduction to ensure recovery of treatment costs
Wasps (Domestic)	£45.58 (£54.70 inc. VAT)	£46.67 (£56.00 inc. VAT)	
Wasps (Commercial)	£90.21 (£108.25 inc. VAT)	£93.33 (£112.00 inc. VAT)	
Over 65 Wasp Treatment (Dom)	£29.25 (£35.10 inc. VAT)	£30.00 (£36.00 inc. VAT)	
Ants / Standard Fleas / Cockroaches (Domestic)	£45.58 (£54.70 inc. VAT)	£46.67 (£56.00 inc. VAT)	
Ants / Standard Fleas / Cockroaches (Commercial)	£90.21 (£108.25 inc. VAT)	£93.33 (£112.00 inc. VAT)	
Over 65 Ants / Standard Fleas / Cockroaches (Domestic)	£29.25 (£35.10 inc. VAT)	£30.00 (£36.00 inc. VAT)	
Rats (Domestic)	Free	£46.67 (£56.00 inc. VAT)	New fee – See paragraph 3.8
Mice (Domestic)	£45.58 (£54.70 inc. VAT)	£46.67 (£56.00 inc. VAT)	
Rats and Mice (Commercial)	£90.21 (£108.25 inc. VAT)	£93.33 (£112.00 inc. VAT)	
Call Out Charge	£29.25 (£35.10 inc. VAT)	£30.00 (£36.00 inc. VAT)	Required where advice but no treatment given. Partial recovery of officer time and travel costs.

APPENDIX D
Homelife Charges

<u>HOMELIFE CHARGES</u>	<u>2020/21</u>	<u>2021/22</u>	<u>Comment</u>
Examples of typical charges			Amendments have been made to ensure consistency, prices are now shown inclusive of VAT.
General Agency Fee	15%	15%	Used for managed repair service Applicable unless funder specifies alternative acceptable rate
Discretionary Housing grants under £500	£90.00	£90.00	15% of £500 (£75+VAT)
To administer Handy Person grants	£90.00	£90.00 per case	Plus, hourly wage rate of handyperson
Supply & fit Key-safes	£90.00	£90.00	
Discretionary Housing Grants administered by Homelife			Safe & Warm, Dementia & Energy Efficiency Grants (Energy Efficiency charged at reduced rate VAT as per VAT notice 708/6)
Administration Fee	£622.46	£627.00	Formula considers Reg. Services hourly rate and officer time.
Additional quotes from contractors for works within the same grant	£350.14	£364.00	Administration costs requiring liaison with multiple contractors.
ADDITIONAL CHARGES			
Home visits	£77.81	£81.00	
Obtaining charity funding	£155.62	£162.00	
Applications Assistance	£77.81	£81.00	
Homelife Hourly Rate	£77.81	£81.00	

APPENDIX E

LA Pollution Prevention Control (Part B) Charges for 2020/21 - Charges for 2021/22 should be available in February 2021 although these nationally set charges have remained the same for the last two years.

TYPE OF CHARGE	TYPE OF PROCESS	2020/21 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	
1	£1650	£646	£1034	£1506	
2	£1650	£646	£1034	£1506	
3	£985	£385	£617	£924	
4	£985	£385	£617	£924	
5	£985	£385	£617	£924	
6	£985	£385	£617	£924	
7	£985	£385	£617	£924	
8 and over	£498	£198	£316	£473	

LA-IPPC (Part A2) charges for 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 2021/22 Charges – Homeless Accommodation Charges

PROJECT	Proposed Charge from 05 April 2021	Current charge
WATER STREET FAMILY RATE	£	£
Total Charge	£352.10	£341.81
HB eligible Charge	£330.54	
Personal Charge	£21.56	
WATER STREET SINGLE RATE		
Total Charge	£302.05	£293.30
HB eligible Charge	£284.34	
Personal Charge	£17.71	
JOHN STREET SINGLE RATE		
Total Charge	£345.80	£335.79
HB eligible Charge	£330.47	
Personal Charge	£15.33	
HOMESHARE FAMILY RATE		
Total Charge	£383.46	£372.33
HB eligible Charge	£361.27	
Personal Charge	£22.19	
HOMESHARES SINGLE RATE		
Total Charge	£351.47	£341.18
HB eligible Charge	£335.23	
Personal Charge	£16.24	
HOMESHARES SHARED RATE		
Total Charge	£339.92	£330.05
HB eligible Charge	£325.43	
Personal Charge	£14.49	

APPENDIX G
Governance Charges

GOVERNANCE

	<u>Actual</u> <u>Charges</u> <u>2020/21</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2021/22</u> <u>£</u>
1. Land Charges – Search Fees (VAT Outside the Scope/ Non-Business)		
<u>Part I – Standard Enquiries</u>		
Domestic Properties		
a) One parcel of land	79.00	90.00
One parcel of land (Level 2/3) (10% discount)	71.10	81.00
b) Several parcels of land		
- First parcel	79.00	90.00
- Each addition	15.00	11.00
(Fees that would exceed £100 to be fixed by arrangement)		
(10% discount to apply to searches submitted on-line via NLIS)		
Commercial Properties		
a) One parcel of land	100.00	110.00
One parcel of land (Level 2/3) (10% discount)	90.00	99.00
b) Several parcels of land		
- First parcel	100.00	110.00
- Each addition	20.00	22.00
(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	10.00	11.00
Each printed enquiry – Rural	10.00	11.00
Question 22 on form CON290	20.00	22.00

Question 4 on form CON290	4.00	4.50
Each additional enquiry	10.50	11.00
Copy or extract of any plan or other document	£various*	

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

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)	425.00	440.00
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	116.83	120.00
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7. Low Cost Housing Certificates		60.00
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APPENDIX H
Land Charges Costs

	Actual 2018/19	Budget 2018/19	Actual 2019/20	Budget 2019/20	Budget 2020/21	MTFP Budget 2021/22
Employee Related	21,361	25,200	24,418	28,300	26,400	26,400
Premises Related	268	300	297	300	300	300
Transport Related	0	0	0	0	0	0
Supplies & Services	31,787	37,700	26,788	37,700	35,200	32,700
Recharges	29,318	29,300	42,100	42,100	24,200	24,200
Total Expenditure	82,734	92,500	93,603	108,400	86,100	83,600
Income	(142,753)	(118,000)	(101,964)	(121,500)	(95,100)	(97,900)
Total Income	(142,753)	(118,000)	(101,964)	(121,500)	(95,100)	(97,900)
Net Position	(60,019)	(25,500)	(8,361)	(13,100)	(9,000)	(14,300)

***2021/22 MTFP budget for recharges is based on the 2020/21 recharge level**

APPENDIX I

Land Charges Data

	2016/17			2017/18			2018/19			2019/20			2020/21 ¹		
Month	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Con29 Search	LLC1 only	Personal Search
April	80	14	0 ²	77	3	0 ²	64	23	0 ²	60	13	0 ²	14 standard searches 24 con29 only	17	
May	132	8	0 ²	98	5	0 ²	109	22	0 ²	51	7	0 ²	23	0 ³	
June	115	21	0 ²	116	19	0 ²	100	23	0 ²	95	17	0 ²	38	0 ³	
July	102	6	0 ²	71	13	0 ²	78	9	0 ²	77	28	0 ²	97	0 ³	
August	97	4	0 ²	89	14	0 ²	98	8	0 ²	68	52	0 ²	99	0 ³	
September	102	19	0 ²	86	7	0 ²	91	5	0 ²	58	8				
October	143	18	0 ²	105	15	0 ²	81	13	0 ²	80	28				
November	114	15	0 ²	81	5	0 ²	97	10	0 ²	72	18				
December	83	4	0 ²	49	10	0 ²	100	7	0 ²	43	10				
January	54	6	0 ²	61	3	0 ²	218*	8	0 ²	64	20				
February	92	6	0 ²	98	7	0 ²	232*	18	0 ²	62	10				
March	76	1	0 ²	75	4	0 ²	66	7	0 ²	70	16				
Total	1190	122	0²	1006	105	0²	1334	153	0²	740	214	0²	257	0	

¹ FIGURES SHOWN ARE UP TO SEPTEMBER 2020

² 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

³ 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)	740 (around 57.25% electronic)
Total	740

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**	£60,000 est. (£29,998 to date)	£95,100 (£47,569 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 2021/22 TO 2025/26

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

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

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

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

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

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

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

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

Agenda Item:

A.1(b)(iv)

Meeting Date: 9th November 2020
 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: Corporate Director of Governance and Regulatory Services
 Report Number: GD 54/20

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 50/20

Recommendations:

The Executive are asked to note the charges that were considered by the Regulatory Panel on 14th October 2020 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 1st April 2020.

Tracking

Executive:	9 November 2020 & 14th December 2020
Scrutiny:	Health & Wellbeing Scrutiny Panel – 19 November 2020 Economic Growth Scrutiny Panel – 26 November 2020 Business & Transformation Scrutiny Panel – 1 December 2020
Council:	N/A

Report to Regulatory Panel

Meeting Date: 14th October 2020

Portfolio: Finance, Governance and Resources

Key Decision: Not Applicable:

Within Policy and Budget Framework YES

Public / Private Public

Title: Review of Charges 2021/22 – Licensing

Report of: Corporate Director of Governance & Regulatory Services

Report Number: GD 50/20

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 1st April 2021 and to recommend to the Executive to agree the charges for the Scrap Metal Act Fees for 2021/22.

Tracking

Executive:	9th November & 14th December 2020
Scrutiny:	Health & Wellbeing O&S Panel – 19th November 2020 Economic Growth O&S Panel - 26th November 2020 Business & Transformation O&S Panel - 1st December 2020
Council:	N/A

1. BACKGROUND

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

2. CORPORATE CHARGING POLICY 2021

- 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 4th April 2007 the Licensing Committee (through delegated authority) determined the fees in accordance with the regulations which are included in Appendix B. Fees under the Act for Lottery registration are fixed by Central Government.
- 3.5 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 2021/22 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 512. This will always fluctuate each year and applications for variations will continue. There has been an impact in the current year budget due to a reduction in applications and events due to Covid-19 and it is prudent to project that this reduction will continue in 2021/22.
- 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 £90,000 in 2021/22 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 1960 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 has been a significant decrease in personal licence applications during the period 1st April – 1st September 2020 (10) compared to the same period in 2019 (42) which will affect the income for the current year. It is expected that this reduction may continue in 2021/22 and an income of £3,000 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 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.

- 5.3 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.

PRIVATE HIRE

- 5.4 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

- 5.5 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.
- 5.6 Licences are issued for a 3 year period unless a request has been made for a 1 year licence and licenced Hackney Carriage Drivers who apply for a Private Hire Drivers Licence are charged at a renewal rate.
- 5.7 The number of hackney carriage drivers and vehicles has risen steadily over the last three years and therefore the projected income has been increased.
- 5.8 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 2021/22, 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 £2,120 for a new application and £2,000 for a renewal application. It is estimated that the income received is £4,000 in 2021/22.

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 £600.

8 PLEASURE BOATS & BOATMEN

- 8.1 The number of pleasure boats and boatmen has remained static in recent years although no licences were applied for in 2020/21 due to Covid restrictions. Although it is not clear what the position will be during the Spring/Summer 2021 it is hoped that there will be an offer of hiring pleasure boats and the income target is set at £500.

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 current fee was agreed by the Executive on 16th September 2019 and has been reviewed every three years previously.
- 9.3 It is proposed that the fee is reviewed annually in line with other licensing fees and a recommendation is made to the Executive to agree the fees detailed at Appendix A.
- 9.4 The current renewals expect to generate income of £2,900 in 2021/22, 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 has decreased over the past three years and currently there are 15 holders of annual consents which is a reduction of 3 in the previous year.
- 10.2 There has only been 1 Occasional Street Trading Consent issued in the current financial year in contrast with 8 during the same period in 2019/20. The events whereby consent would be required are not currently taking place due to Covid restrictions and it is unclear what impact this will have on the Street Trading budget in 2021/22.
- 10.3 Based upon the current numbers of consents it is estimated that this will generate an estimated annual income of £4,000.

11 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
- 11.2 The fee structure for the new licensing regime were first approved by Regulatory Panel in October 2018.
- 11.3 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 2021/22 for animal activity related licences.
- 11.4 The fee for an individual to hold a Dangerous Wild Animal licence was reviewed and increased as part of the 2020/21 charging report. A 3% increase has been applied

as specified in the Corporate Charging Policy. 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.

- 11.5 The fee for a Zoo Licence was reviewed and increased as part of the 2020/21 charging report. A 3% increase has been applied as specified in the Corporate Charging Policy. The existing fee does not reflect the full costs associated with a business/individual applying for a licence. 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 proposed 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. 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 2021/22. The effects of the COVID restrictions may have had an impact on the 2020/21 income generation due to less individuals entering the sector.

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 2021/22.

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 4th 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 2021/22 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 £233,200 for the Licensing Section, and £9,000 for Environmental Health in 2021/22 which is summarised in the table below:

Service Area	Updated Budget 2020/21	MTFP Target 2021/22	Original Estimate 2021/22	Shortfall or (Excess) over MTFP	
Licensing Act 2003 – Premises	100,000	100,000	90,000	10,000	*
Licensing Act 2003 - Personal Licences	3,500	3,500	3,000	500	*
Gambling Act 2005 - Lotteries	4,000	4,000	3,800	200	*
Gambling Act 2005 - Premises and Gaming Machines	14,000	14,000	14,000	0	*
Hackney Carriage	75,200	75,200	80,000	(4,800)	
Private Hire	30,400	30,400	30,400	0	
Sex Establishment	3,900	3,900	4,000	(100)	
Auctioneers	600	600	600	0	
Pleasure Boats	500	500	500	0	
Scrap Metal	2,900	2,900	2,900	0	
Street Trading	5,000	5,000	4,000	1,000	
Total (Licensing)	240,000	240,000	233,200	6,800	
Animal Welfare Licensing	8,500	8,500	8,000	500	
Cosmetic Piercing, Tattooing, Electrolysis & Acupuncture	1,000	1,000	1,000	0	
Total (Environmental Health)	9,500	9,500	9,000	500	

*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 1st April 2021.
- 16.2 Make a recommendation to the Executive to agree the charges for the Scrap Metal Act Fees for 2021/22.

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

Contact Officer:	Nicolae.edwards@carlisle.gov.uk	Ext: 7025
	Andrew.Smith@carlisle.gov.uk	7098

Appendices attached to report:	A – Charging Structure 2021/22 – Licensing Act & Misc
	B – Proposed Charging 2021/22 – Animal Welfare
	C – Proposed Charges 2021/22 – 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:

1. **LEGAL** – 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 £242,200 (£233,200 Licensing and £9,000 Environmental Health) against the MTFP target of £249,500. This represents a shortfall of £7,300 which will need to be accommodated within existing base budgets.

EQUALITY – None

INFORMATION GOVERNANCE – None

Charging structure – Licensing 2021/22

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

		New	Charge from 01/04/20 Annual Fee	Charge from 01/04/21 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 01/04/20	Proposed Charge from 01/04/21
Hackney Carriage Vehicle	New	240.00	247.00
	Renewal	200.00	206.00
Hackney Carriage Driver – 1 year	New	175.00	180.00
	Renewal	116.00	119.00
Hackney Carriage Driver – 3 year	New	300.00	309.00
	Renewal	206.00	212.00
Certificate of Compliance (COC)		11.00	11.00
Transfer of Licence		33.00	34.00
Change of Vehicle		53.00 (inc Plate)	54.00
Duplicate Licence		13.50	14.00
Test Fee		55.00	56.00
Test Fee DNTU		27.00	28.00
Retest Fee		38.00	40.00
New Licence Plate		14.50	15.00

Vehicles – Private Hire

		Charge from 01/04/20	Proposed Charge from 01/04/21
Private Hire Vehicle	New	230.00	237.00
	Renewal	175.00	180.00
Private Hire Driver – 1 year	New	175.00	180.00
	Renewal	116.00	119.00
Private Hire Driver – 3 year	New	300.00	309.00
	Renewal	206.00	212.00
Certificate of Compliance (COC)		11.00	11.00
Transfer of Licence		33.00	34.00
Change of Vehicle		53.00 (inc. Plate)	54.00
Duplicate Licence		13.50	14.00
Test Fee		55.00	56.00
Test Fee DNTU		27.00	28.00
Retest Fee		38.00	40.00
Private Hire Operator	1-5 Vehicles 1 Year	220.00	226.00
	5 Year	520.00	535.00
	6-10 Vehicles 1 Year	292.00	300.00
	5 Year	660.00	680.00
	11-20 Vehicles 1Year	340.00	350.00
	5 Year	765.00	788.00
	21-30 Vehicles 1 Year	385.00	397.00
	5 Year	920.00	948.00
New Licence Plate		14.50	15.00

Miscellaneous Licences

		Charge from 01/04/20	Proposed Charge from 01/04/21
Auctioneers		47.50	48.00
Sex Establishments	New	2120.00	2120.00
	Renewal	2000.00	2000.00
	Variation	265.00	265.00
	Transfer	130.00	130.00
Street Trader	New	244.00	250.00
	Renewal	220.00	227.00
	Occasional	53.00 32.00 (annual consent holders)	54.00 33.00
Scrap Metal Collector	New	270.00	278.00
	Renewal	270.00	278.00
	Vary Name/Address	30.00	30.00
Scrap Metal Site	New	480.00	494.00
	Renewal	440.00	453.00
	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
Boats	1-20 vessels	400.00	410.00
	21-30 vessels	450.00	460.00
Boatman	New	38.00	38.00
	Renewal	30.00	30.00
Miscellaneous Duplicate Items		13.50	13.50
Cosmetic Skin Piercing / Tattooing	Premises Registration	117.14	121.00
	Personal Registration	117.14	121.00
Acupuncture	Premises Registration	117.14	121.00
	Personal Registration	117.14	121.00

Licensing of Activities Involving Animals 2021/22

		PART A Application Fee	PART B Grant of Licence Fee	Total	Additional Cost to Applicant
Riding Establishments / Hiring Out Horses	New	£ 206.00	£ 52.00	£ 258.00	+ Vets Fee
	Renewal	£ 178.00	£ 52.00	£ 230.00	+ Vets Fee
	2/3 Year Licences - Inspection Fee	£ 137.00	£ 0.00	£ 137.00	Nil
Animal Boarding (inc Kennels, Catteries & Dog Day Care)	New	£ 178.00	£ 52.00	£ 230.00	Nil
	Renewal	£ 158.00	£ 52.00	£ 210.00	Nil
	2/3 Year Licences - Inspection Fee	£ 129.00	£ 0.00	£ 129.00	Nil
Home Boarding	New	£ 137.00	£ 34.00	£ 171.00	Nil
	Renewal	£ 124.00	£ 34.00	£ 156.00	Nil
	2/3 Year Licences - Inspection Fee	£ 82.00	£ 0.00	£ 82.00	Nil
Breeding Dogs	New	£ 178.00	£ 52.00	£ 230.00	+ Vets Fee
	Renewal	£ 158.00	£ 52.00	£ 260.00	+ Vets Fee where business identified as High Risk following risk assessment
	2/3 Year Licences - Inspection Fee	£ 129.00	£ 0.00	£ 129.00	Nil
Selling Animals as Pets	New	£ 172.00	£ 52.00	£ 224.00	Nil
	Renewal	£ 151.00	£ 52.00	£ 203.00	Nil
	2/3 Year Licences - Inspection Fee	£ 129.00	£ 0.00	£ 129.00	Nil
Keeping / Training Animals for Exhibition	3 Year Licence (New / Renewal)	£ 178.00	£ 52.00	£ 230.00	Nil
Additional Licensable Activities*	New / Renewal*	£ 82.00	£ 52.00	£ 134.00	+ Vets Fee if required
	2/3 Year Licence – Inspection Fee*	£ 41.00	£ 0.00	£ 41.00	Nil
Variation to licence/re-evaluation of star rating - Animal Boarding / Pet Shops / Keeping animals for exhibition	Variation	£ 129.00	N/A	£ 129.00	Nil
Variation to licence/re-evaluation of star rating - Dog Breeding / Hiring out horses	Variation	£ 129.00	N/A	£ 129.00	+ Vets Fee if required
Minor Variation of Licence (Administrative change)	Variation	£ 27.00	N/A	£ 27.00	Nil
Transfer of Licence due to death of licensee	Transfer	£ 27.00	N/A	£ 27.00	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)	£ 299.00	£ 129.00	£ 428.00	+ Specialist Vets Fee
	Variation	£ 129.00	£ 0.00	£ 129.00	+ 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	£ 335.00 (Officer hourly rate of £67.40 will be applied for applications exceeding 5 hours of officer time)	£ 824.00	£ 1,159.00	+ DEFRA Vets Fee (Application / Year 1 and Year 4)
	Renewal – 6-year Licence	£ 335.00	£ 1,236.00	£ 1,571.00	+ DEFRA Vets Fee (Year 3 and Year 6)
	Variation	£ 129.00	£ 0.00	£ 129.00	+ 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)

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

Report to Executive

Agenda
Item:

A.1(c)

Meeting Date: 9 November 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework YES
Public / Private Public
Title: REVISED CAPITAL PROGRAMME 2020/21 AND PROVISIONAL CAPITAL PROGRAMME 2021/22 TO 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 33/20

Purpose / Summary:

The report details the revised capital programme for 2020/21 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2021/22 to 2025/26 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 2020/21 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2021/22 to 2025/26 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:	9 November 2020, 14 December 2020
Overview and Scrutiny:	BTSP 01/12/20; HWSP 19/11/20; EGSP 26/11/20
Council:	2 February 2021 (Budget Resolution)

1. BACKGROUND

- 1.1 This report details the revised capital programme for 2020/21 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 2021/22 to 2025/26, together with the potential resources available to fund the programme. Members are asked to give initial consideration to the spending proposals.
- 1.3 The guiding principles for the formulation of the capital programme over the next five-year planning period are set out in the following policy documents that were approved by Council on 8 September 2020:
 - Capital Investment Strategy 2021-22 to 2025-26 (Report RD26/20)
 - Asset Management Plan (Report GD43/20)
- 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 £57,000. This is made up of £27,000 for the cost of the interest payable (2.7% of £1m equates to £35,500) and a principal repayment provision of 3% of the outstanding sum (3% of £1m equates to £30,000).

3. REVISED CAPITAL PROGRAMME 2020/21

- 3.1 The capital programme for 2020/21 totalling £29,915,800 was approved by Council on 14 July 2020 as detailed in the 2019/20 out-turn report (RD14/20).
- 3.2 The revised capital programme for 2020/21 now totals £19,390,400 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 2020/21 is shown below:

Summary Programme	£	Appx
2020/21 Original Capital Programme	29,915,800	A
Other adjustments	(10,525,400)	
Revised Capital Programme (Sept 2020)	19,390,400	A
Estimated Capital Resources available	(20,474,013)	B
Surplus Capital Resources	(1,083,613)	

- 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 (RD37/20). That report also highlights an underspend of £714,250 against the profiled annual budget.

4. CAPITAL SPENDING PROPOSALS 2021/22 TO 2025/26

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

Capital Scheme	App/ Para	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<u>Current Commitments:</u>						
Vehicles & Plant	4.2	1,215	1,159	976	1,851	1,003
Planned Enhancements to Council Property	4.3	250	250	250	250	250
Disabled Facilities Grants	4.4	1,467	1,467	1,467	1,467	1,467
ICT Infrastructure	4.5	101	76	131	101	101
Leisure Facilities	4.6	15,237	3,450	0	0	0
Recycling Containers	4.7	45	45	45	45	45
Civic Centre	4.8	1,021	0	0	0	0
Savings to Fund Civic Centre	4.8	(200)	0	0	0	0
Carlisle Southern Link Road	4.9	0	5,000	0	0	0
Total Existing Commitments		19,136	11,447	2,869	3,714	2,866
<u>New Spending Proposals:</u>						
Vehicles and Plant	4.2	(960)	62	795	(171)	163
Crematorium Infrastructure	4.10	350	900	0	0	0
Flare Data Management System	4.11	0	150	0	0	0
Energy Monitoring System	4.12	12	0	0	0	0
Future High Street Fund - Market Square	4.13	100	2,670	0	0	0
Total New Spending Proposals		(498)	3,782	795	(171)	163
Total Potential Programme		18,638	15,229	3,664	3,543	3,029

- 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 GD52.20 elsewhere on the agenda.
- 4.4 Disabled facilities grant allocation will not be known until early into 2021/22, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. This grant will be awarded via the County Council's Better Care Fund.
- 4.5 This is the current allocation for improvements and developments to the Council's ICT infrastructure.

- 4.6 This is the updated profile for the renovation and new build of the Sands Centre as previously agreed by Council in October 2020.
- 4.7 An allocation for the replacement of the Council's stock of recycling and waste containers.
- 4.8 Funding to be identified and vired to support the reinstatement of the Civic Centre Ground floor project from within the overall Capital Programme.
- 4.9 The Council's contribution to the Carlisle Southern Link Road project.
- 4.10 To provide new infrastructure for the crematorium including replacement cremators. The project is funded from the amounts set aside in the Cremator Replacement Earmarked Reserve.
- 4.11 An allocation to provide for a new data management system that is used in Environmental Health and Private Sector Housing.
- 4.12 An allocation to provide for an Energy Management System to be installed to monitor energy usage across Council owned property. This scheme is linked to a revenue saving in the Revenue Budget update report considered elsewhere in the agenda (RD32/20).
- 4.13 This project is part of the funding application to the Future High Streets Fund and 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 a funding requirement from the Council of £390,000.

As the budget process progresses, there may be further bids that come to light once full business cases are developed.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2021/22 to 2025/26.

Source of Funding	Para	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Grants:						
• Disabled Facilities Grant	5.2	(1,467)	(1,467)	(1,467)	(1,467)	(1,467)
• General Grants/Contributions	5.3	0	(2,446)	0	0	0
Capital Receipts:						
• Generated in year – Asset Business Plan receipts used to fund resources	5.4	(1,011)	(3,573)	(200)	(200)	(445)
Direct Revenue Financing / Invest to Save	5.5	112	112	0	0	0
		(1,337)	(1,887)	(987)	(987)	(987)
TOTAL RESOURCES		(3,703)	(9,261)	(2,654)	(2,654)	(2,899)

- 5.2 Disabled facilities grant allocation will not be known until early 2021/22, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. However as mentioned earlier this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the allocation will be.
- 5.3 General grants and contributions identified as funding streams for projects. The main element of this relates to the Future High Street Fund project for Market Square/Greenmarket (£2.380million).
- 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 2021/22 and 2025/26 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 2021/22 TO 2025/26

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

Source of Funding	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Estimated in year Resources available (para 5.1)	(3,703)	(9,261)	(2,654)	(2,654)	(2,899)
Proposed Programme (para 4.1)	18,638	15,229	3,664	3,543	3,029
Projected (Surplus)/Deficit	14,935	5,968	1,010	889	130
Cumulative surplus/deficit b/fwd	(1,084)	13,851	19,819	20,829	21,718
Cumulative year end surplus/deficit	13,851	19,819	20,829	21,718	21,848
Borrowing undertaken previously	14,000	14,000	14,000	14,000	14,000
Cumulative deficit i.e. overall borrowing needed to support the capital programme	27,851	33,819	34,829	35,718	35,848

- 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 (RD34/20).

The table above shows that there continues to be a borrowing requirement from 2021/22. 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 a 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 raised will be monitored carefully in budget monitoring reports and appropriate action taken.

8. CONSULTATION

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

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2020/21 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2021/22 to 2025/26 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Emma Gillespie

Ext: 7289

Appendices

attached to report:

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

- None

CORPORATE IMPLICATIONS:

LEGAL - The Council has a fiduciary duty to manage its resources properly and for the benefit of its community. In doing so it is required to take account of the advice it receives from its Corporate Director of Finance and Resources. The Council must have a balanced

budget to deliver its services and also achieve and sustain an appropriate level of reserves.

PROPERTY – The Council has a significant property portfolio which assists in the management of its resources as detailed in the Asset Management Plan (GD43/20).

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

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

INFORMATION GOVERNANCE – There are no information governance implications.

REVISED CAPITAL PROGRAMME 2020/21
APPENDIX A

Scheme	Original Capital Programme 2020/21 £	Other Adjustments £	Proposed Savings & Carry Forwards £	Revised Capital Programme 2020/21 £
Sands Centre Redevelopment	16,679,300	(10,644,100)	0	6,035,200
On Street Charging Points				
Infrastructure	203,700	0	0	203,700
Gateway 44 Development	4,621,900	0	0	4,621,900
Civic Centre Development	2,581,400	0	0	2,581,400
Open Space Improvements	80,700	0	0	80,700
Play Area Improvements	47,800	38,000	0	85,800
Cemetery Infrastructure	5,700	0	0	5,700
Central Plaza	12,300	0	0	12,300
Affordable Homes (S106)	0	50,700	0	50,700
Planning Software	150,000	0	0	150,000
Flood Reinstatement Projects	21,900	0	0	21,900
LED Footway Lighting Installation	203,100	11,700	0	214,800
Rough Sleeping Initiative		50,000	0	50,000
Planned Enhancements to Council Property	396,800	(31,700)	0	365,100
Vehicles, Plant & Equipment	1,532,400	0	0	1,532,400
Recycling Containers	45,000	0	0	45,000
ICT Infrastructure	311,000	0	0	311,000
Disabled Facilities Grants	2,864,600	0	0	2,864,600
Empty Property Grants	23,200	0	0	23,200
SUB-TOTAL	29,780,800	(10,525,400)	0	19,255,400
<u>Capital Reserves to be released</u>				
Play Area Improvements	35,000	0	0	35,000
Cemetery Infrastructure	30,000	0	0	30,000
Skew Bridge Deck	70,000	0	0	70,000
	135,000	0	0	135,000
REVISED TOTAL	29,915,800	(10,525,400)	0	19,390,400

REVISED CAPITAL PROGRAMME 2020/21 – PROPOSED FINANCING

Source of funding	2020/21 Original £	2020/21 Revised £	Notes
Capital Grants:			
• DFG	1,899,800	1,899,800	1
• General	2,256,900	2,470,900	
Capital Receipts:			
• B/fwd from previous year	(2,711,187)	(2,711,187)	2
• Generated in year (Asset Review)	2,078,000	1,388,000	
• Borrowing undertaken	0	14,000,000	
Capital Contributions			
• General	96,700	203,400	3
Direct Revenue Financing	3,223,100	3,223,100	4
TOTAL FINANCE AVAILABLE	6,843,313	20,474,013	
TOTAL PROGRAMME (SEE APP A)	29,895,800	19,390,400	
PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE	23,052,487	(1,083,613)	

Notes:

- Capital grant include revised funding for Sands Centre Development (£2,134,000), Empty Property Grants (£23,200), Play Area Improvements (£60,000), On-Street Charging Infrastructure (£203,700) and Rough Sleeping Initiative (£50,000).
- Asset Review Receipts have been reprofiled into future years.
- General contributions relate to Open Space Improvements (£80,700), Play Area Developments (£24,000), Affordable Homes S106 (£50,700) and Sands Centre (£48,000).
- There are no changes to Direct Revenue Financing.

Report to Executive

Agenda
Item:

A.1(d)

Meeting Date: 9 November 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in key decision notice KD.25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: **CORPORATE ASSETS
3 YEAR REPAIR AND MAINTENANCE PROGRAMME
2021/22 – 2023/24**
Report of: **The Corporate Director of Governance & Regulatory Services**
Report Number: **GD.52/20**

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 2021/22 to 2023/24 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 2021/22 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 2021/22 revenue maintenance budget is approximately £770,000 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

As per recommendation R6 in the 2012 *Audit of Facilities Management* the maintenance budgets for next year and those for the next 3 years (based on a continuation basis as set out in the Medium Term Financial Plan) are included as Appendix A. It should be emphasised that whilst this allocation is necessary for budget purposes, the 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 £2,400,000. 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 the costs associated with repairs to 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 2021/22

The following projects reflect the highest priority projects to be funded from capital. The current allocation of £250,000 includes an additional £100,000 allocated to further address maintenance backlog.

The allocation 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.

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
	Total	£250,000

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		2021/22	2022/23	2023/24
Cost Code	Description	REQUIREMENT	REQUIREMENT	REQUIREMENT
		£	£	£
10110/1010	Bousteads Grassing/Prog Rep & Maint	8,000	8,200	8,400
10110/1059	Bousteads Grassing/M & E Maintenance	2,200	2,200	2,200
11057/1011/52603	Public Clocks/React Rep & Maint	4,300	4,400	4,500
11057/3010/52602	E.C. Regulations/Lamps&Tubes/Plant & Elec Testin	7,900	7,900	7,900
11057/3907/52503	Misc Building Exp/Energy Fund Cont/Energy Fund	16,000	16,300	16,600
11720/1010	Grounds/Prog Rep & Maint	700	700	700
15100/1011	Allotments/React Rep & Maint	4,700	4,800	4,900
15120/1010	Bitts Park Depot/Prog Rep & Maint	8,100	8,300	8,500
15120/1011	Bitts Pk Depot/React Rep & Maint	4,200	4,300	4,400
15140/1010	Play Areas/Prog Rep & Maint	8,900	9,100	9,300
15140/1011	Play Areas/React Rep & Maint	21,000	21,400	21,800
15160/1010	Green Space Operatns/Prog Rep & Maint	16,500	16,800	17,100
15160/1011	Green Spaces Ops/React Rep & Maint	27,400	27,900	28,500
15170/1010	Talkin Tarn/Prog Rep & Maint	9,100	9,300	9,500
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,200	2,200	2,200
16050/1010	Tullie House Build Servs/Prog Rep & Maint	20,500	20,900	21,300
16050/1011	Tullie House Build Servs/React Rep & Maint	25,700	26,200	26,700
16050/1014	Tullie House/Premesis Alterations	37,700	38,500	39,400
16480/1010	Guildhall/Prog Rep & Maint	4,600	4,700	4,800
16490/1010	Arts Centre/Prog Rep & Maint	13,400	13,700	14,000
16490/1011	Arts Centre/React Rep & Maint	13,400	13,700	14,000
16710/1010	Golf Provision/Prog Rep & Maint	5,600	5,700	5,800
16710/1011	Golf Provision/React Rep & Maint	3,000	3,100	3,200
16720/1010	GLL Contract/Prog Rep & Maint	44,400	45,300	46,200
16720/1011	GLL Contact/React Rep & Maint	25,500	26,000	26,500
18010/1010	Civic Centre/Prog Rep & Maint	40,700	41,500	42,300
18010/1011	Civic Centre/React Rep & Maint	46,700	47,600	48,600
18010/1014	Civic Centre/Premises Alterations	10,700	10,900	11,100
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	3,900
18010/4010	Civic Centre/Lift Maintenance	5,600	5,700	5,800
18010/4025	Civic Centre/Fire & Security Services	9,700	9,900	10,100
21100/1010	Enterprise Centre/Prog Rep & Maint	24,400	24,900	25,400
21100/1011	Enterprise Centre/React Rep & Maint	17,700	18,100	18,500
21100/1014	Enterprise Centre/Premises Alterations	3,600	3,700	3,800
21600/1010	Comm Centres Gen/Prog Rep & Maint	80,900	82,500	84,200
21600/1011	Comm Centres Gen/React Rep & Maint	51,500	52,500	53,600
24500/1010	Public Conveniences/Prog Rep & Maint	11,800	12,000	12,200
24500/1011	Public Con/React Rep & Maint	19,400	19,800	20,200
25511/1010	Water St Hostel/Prog Rep & Maint	3,800	3,900	4,000
25511/1011	Water St Women & Family/React Rep & Maint	5,500	5,600	5,700
25520/1010	John Street Mens Accom/Prog Rep & Maint	1,300	1,300	1,300
25520/1011	John Street Mens Accom/React Rep & Maint	6,200	6,300	6,400
25530/1010	Dispersed Accom/Prog Rep & Maint	2,300	2,300	2,300
25530/1011	Dispersed Accom/React Rep & Maint	9,500	9,700	9,900
26510/1010	Cemeteries/Prog Rep & Maint	19,900	20,300	20,700
26510/1011	Cemeteries/React Rep & Maint	11,300	11,500	11,700
26520/1010	Crematorium/Prog Rep & Maint	5,300	5,400	5,500
26520/1011	Crematorium/React Rep & Maint	9,500	9,700	9,900
42570/1011	Ind Est James St/React Rep & Maint	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	27,100	27,600	28,200
43070/1010	City Centre Properties/Prog Rep & Main	4,100	4,200	4,300
43070/1011	City Centre Properties/React Rep & Maint	1,500	1,500	1,500
Total All Projects		770,500	785,500	801,100

Report to Executive

Agenda
Item:

A.1(e)

Meeting Date: 09 November 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT QUARTER 2 2020/21 AND FORECASTS FOR 2021/22 TO 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD34/20

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 2021/22 with projections to 2025/26. 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 2021/22 to 2025/26 be incorporated into the budget reports considered elsewhere on the agenda.

Tracking

Executive:	09 November 2020
Scrutiny:	BTSP 01/12/20
Audit Committee:	18 December 2020

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 September 2020 as follows:

- **Appendix A1** – Treasury Transactions July to September 2020
- **Appendix A2** – Investment Transactions July to September 2020
- **Appendix A3** – Outstanding Investments at September 2020

1.3 The Prudential Code and Prudential Indicators for 2020/21 are discussed at **Appendix B** as follows:

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

1.4 TREASURY MANAGEMENT ESTIMATES 2021/22 TO 2025/26

1.4.1 The draft base Treasury Management estimates for 2021/22 with projections to 2025/26 are set out at **Appendix C**. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. Average cash balances will need to be amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

1.4.2 The assumptions included in the Treasury estimates for 2021/22 are as follows:

- Assumed use of revenue reserves for all budget pressure commitments outlined in RD32/20 are included;
- The capital programme and capital resources estimate as outlined in RD33/20 are included;
- External borrowing assumed as follows:

	Amount (£000)	Rate	Term
2020/21	5,500	2.41%	25 years
2020/21	1,500	2.20%	15 years
2020/21	15,000	2.41%	25 years
2021/22	6,000	2.60%	25 years
2022/23	5,000	2.80%	25 years
2022/23	1,507	2.80%	25 years
Total	34,007		

- Investment returns are assumed to be as follows:

Year	Rate
2020/21	0.30%
2021/22	0.30%
2022/23	0.70%
2023/24	0.83%
2024/25	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 2021/22 to 2025/26 be incorporated into the budget reports elsewhere on the agenda.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Emma Gillespie

Ext: 7289

Appendices attached to report:

- Appendix A1 – Treasury Transactions July to September 2020**
- Appendix A2 – Investment Transactions July to September 2020**
- Appendix A3 – Outstanding Investments at 30 September 2020**
- Appendix B1 – Prudential Code background**
- Appendix B2 – Prudential Indicators**

Appendix C – Treasury Projections 2021/22 – 2025/26

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 2020 to SEPTEMBER 2020

1. LOANS (DEBT)1.1 Transactions July to September 2020

	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
	0		237,500	

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

1.2 Loans (Debt) Outstanding at September 2020

	£
P.W.L.B.	8,775,000
P.W.L.B.	4,750,000
Short Term Loans	12,800
	13,537,800

1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Other £	Total £
Short Term Debt at 30 September 2020 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	12,800	12,800

1.4 Interest Rates

Both Link Group and Capital Economics have maintained their interest rate forecasts amid the coronavirus outbreak. Bank Rate is currently forecast to remain unchanged at 0.1% throughout 2020 and 2021.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	20,940,000	0.01 - 0.10	21,730,000	1.10 - 0.01
	20,940,000		21,730,000	

A full schedule of short-term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short-term investments at 30 September 2020.

3 REVENUES COLLECTED

To: 30 September 2020		Collected £	% of Amount Collectable %
2020/21	Council Tax NNDR	36,788,494 11,184,691	55.04 49.97
Total		47,973,185	53.77
2019/20	Council Tax NNDR	36,403,520 25,102,107	56.80 57.01
Total		61,505,627	56.88
2018/19	Council Tax NNDR	34,146,022 26,058,251	56.55 58.15
Total		60,204,273	57.23

Collection levels have been fairly stable in each of the past three years; however, the impact of COVID-19 has had an impact on the revenues received in 2020/21 especially in relation to NNDR. Revised debt recovery procedures have been put in place in order to provide support to rate payers whilst, at the same time, safeguarding the Council's cash position.

4 BANK BALANCE

At 30 September 2020 £1,759,713.93 in hand.

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

5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS TO SEPTEMBER 2020

April –September 2020

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(133)	(186)	(53)
Interest Payable	1,064	281	(783)
Less Rechargeable	0	0	0
	1,064	281	(783)
Principal Repaid (MRP)	0	0	0
Debt Management	12	13	1
NET BALANCE	943	108	(835)

The profiled budget is to 30 September 2020

Interest receivable is ahead of expectations due to higher than forecast average cash balances even though interest rates have fallen to 0.1%. However, it is expected this position will worsen during the remainder of the financial year as cash balances reduce and investments with a higher return begin to mature and are reinvested at an expected lower return.

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

The CCLA property investment saw a slight decrease in the capital value to the end of September. Dividends and yield levels are currently 4.26%.

APPENDIX A2

SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2020

INVESTMENTS MADE			INVESTMENTS REPAID	
	£			£
Federated Investors	3,210,000.00		Federated Investors	550,000.00
Federated Investors	1,380,000.00		Federated Investors	200,000.00
Handelsbanken	3,700,000.00		Federated Investors	630,000.00
Handelsbanken	300,000.00		Handelsbanken	4,000,000.00
Federated Investors	4,000,000.00		Bank of Scotland	2,000,000.00
Handelsbanken	200,000.00		Federated Investors	4,000,000.00
HSBC	4,500,000.00		Handelsbanken	200,000.00
Federated Investors	3,650,000.00		Bank of Scotland	2,000,000.00
			HSBC	2,550,000.00
			HSBC	185,000.00
			HSBC	1,765,000.00
			Federated Investors	3,150,000.00
			Federated Investors	500,000.00
TOTAL	20,940,000			21,730,000
			Bfwd	20,971,143
			Paid	20,940,000
			Repaid	21,730,000
			Total	20,181,143
			CCLA	(6,050)
			Total	20,175,093

Outstanding Investments as at 30 September 2020

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
Y	MMF Federated Investors (UK)	4,000,000	0.06%		MMF			
O	Handelsbanken	4,000,000	0.10%		Call1			
O	Bank of Scotland	2,000,000	1.10%	05/11/2019	05/11/2020	36	366	22,060
O	Bank of Scotland	1,000,000	1.10%	07/01/2020	18/12/2020	79	346	10,427
O	Bank of Scotland	1,000,000	1.10%	20/01/2020	18/12/2020	79	333	10,036
R	Santander UK	2,000,000	1.00%		Call180			
R	Santander UK	3,000,000	1.00%		Call180			
Total Investments		£17,000,000	0.59%			65	348	£42,523

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) ¹	Initial Market Value (£)	Unrealised Growth (£)
CCLA Property Fund	3,175,093	4.26%	31/07/2014	3,000,000	(163,104)	2,836,896	175,093

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

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

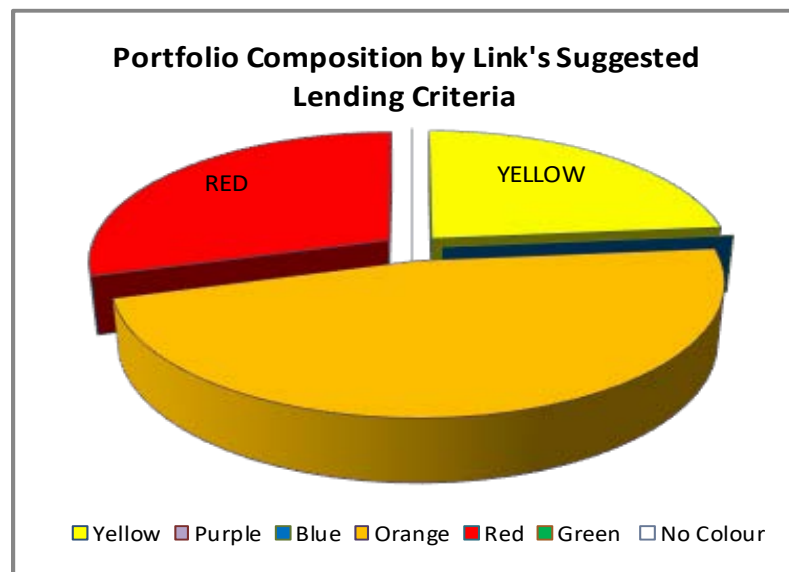
The category colour represents the duration of investment recommended by Link, the Council's Treasury Advisors. Those investments with no colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investment Summary Sheet

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	Weighted Average Rate of Return WARoR	Weighted Average Days to Maturity WAM	Weighted Average Dats to Maturity from Execution WAM at Execution
Yellow	23.53%	4,000,000	100.00%	4,000,000	23.53%	0.06%	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	47.06%	8,000,000	50.00%	4,000,000	23.53%	0.60%	29	58
Red	29.41%	5,000,000	100.00%	5,000,000	29.41%	1.00%	180	0
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.0%	17,000,000	76.47%	13,000,000	76.47%	0.59%	67	136

Risk Score for Colour (1 = Low, 7 = High)	Sep 2020	Jun 2020	Mar 2020	Dec 2020
1	0.2	0.04	0.0	0.1
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	1.9	2.7	2.8	1.9
5	1.5	1.4	1.1	2.3
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	3.6	4.1	3.9	4.3

	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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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 2020/21 to date as detailed in the Treasury Management Strategy Statement for 2020/21.

(a) Affordability

	2020/21 Original Estimate £	2020/21 Revised Estimate £
(i) Capital Expenditure	29,915,800	19,390,400
(ii) Financing Costs Total Financing Costs	1,241,500	628,500
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	13,386,000	13,386,000
(iv) Ratio of Financing Costs to Net Revenue Stream The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	9.27%	4.70%
(v) Incremental Impact on Council Tax This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	8.39	8.87
(vi) Authorised Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities	44,100,000 34,081,000	44,100,000 34,381,000
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2020/21 Original Estimate £	2020/21 Revised Estimate £
(vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	39,100,000 34,081,000	39,100,000 34,381,000
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	38,793,000	24,676,000

(b) Prudence and Sustainability

	2020/21 Original £
(i) New Borrowing to Date Long Term Borrowing has been taken in 2020/21 to date	0 0
(ii) Percentage of Fixed Rate Long Term Borrowing at September 2020	100%
(iii) Percentage of Variable Rate Long Term Borrowing at September 2020 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
(iv) Minimum Level of Investments Classified as Specified Level of Specified Investments as at September 2020 As part of the Capital Investment Strategy for 2020/21, 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 2021/22 with projections to 2025/26

Carlisle City Council	2021/22	2022/23	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Interest Payable	877	1,025	982	938	896
Core MRP	223	466	1,227	1,228	1,224
MRP Adjustments - Voluntary and Assets Under Construction	(226)	0	0	0	0
MRP Adjustments - Adjustment A	(241)	(241)	(241)	(241)	0
Voluntary MRP (to match principal repayments)	244	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)
Total Expenditure	872	1,245	1,963	1,920	2,115
Interest Receivable	(160)	(176)	(162)	(146)	(134)
Total Income	(160)	(176)	(162)	(146)	(134)
Treasury Management Net Expenditure	712	1,069	1,801	1,774	1,981
Council Resolution Budget 20/21 (incl in year adjustments)	768	1,048	1,862	1,804	1,996
Difference to Council Resolution Position (budget pressure / (Saving))	(56)	21	(62)	(31)	(16)
Cumulative Difference to Council Resolution Position	(56)	(36)	(97)	(128)	(143)

Report to Executive

Agenda
Item:

A.1(f)

Meeting Date: 9 November 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.25/20
Within Policy and Budget Framework YES
Public / Private Public

Title: LOCAL TAXATION 2021/22 – 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD35/20

Purpose / Summary:

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

Recommendations:

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2021/22 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2021/22 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:	9 November 2020, 14 December 2020
Scrutiny:	BTSP 01/12/20; HWSP 19/11/20; EGSP 26/11/20
Council:	2 February 2021 (Budget Resolution)

1. INTRODUCTION

- 1.1. This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2021/22 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 2021/22 and 2025/26. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Band D Council Tax	£217.20	£222.20	£227.20	£232.20	£237.20	£242.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.30%	2.25%	2.20%	2.15%	2.11%

Although no formal announcement has been made it has been anticipated that the Local Government Funding Settlement will continue to reflect that the core referendum limit of 3% be continued that will allow Shire District Councils to increase council tax by either 3% or £5, whichever is higher.

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

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
MTFP Tax Base	34,468.61	34,911.93	35,261.05	35,613.66	35,969.80	36,329.50
MTFP Council Tax Yield (£000)		£7,757	£8,011	£8,269	£8,532	£8,799

2.2 Council Tax Surplus/Deficit

The Medium Term Financial Plan assumes that there will be a recurring surplus on the Collection Fund for Council Tax of £50,000. An estimate of the year end surplus is undertaken in January each year and this estimate is then incorporated into the budget process as the amount that will either be recovered from Council Tax or repaid to taxpayers through a lower Council Tax requirement in following years. The year-end position for 2019/20 was slightly lower than that estimated in January for 2019/20, therefore, there is likely to be a lower surplus (and possibly a deficit) to be distributed in 2021/22 compared to that currently included in the budget. This will not be known until the calculation is made on 15 January 2021 (the statutory date for calculation). The surplus/deficit position will also be affected by the current Covid situation and the likely reduction in collection of income in 2020/21. The Government have announced that any deficits incurred for 2020/21 will be able to be spread over

a three-year period (rather than being recovered in the following year), however, the technical details of this deficit recovery process are yet to be finalised.

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	8,505
2014-15	6,850,598	835,773	619,637	216,136	53,884	162,252
2015-16	6,618,910	807,507	447,582	359,925	53,884	306,041
2016-17	6,764,774	825,302	306,030	519,272	53,884	465,388
2017-18	6,809,148	803,479	171,257	632,222	30,154	602,068
2018-19	7,050,186	824,872	89,516	735,356	14,775	720,581
2019-20	7,102,482	816,785	0	816,785	0	816,785

2020-21	7,625,983	861,736	0	861,736	0	861,736
2021-22	7,910,432	893,879	0	893,879	0	893,879

The Carlisle Share of the amount awarded is based on the Council's 12.1% element of the Council Tax charge with the other precepting authorities picking up their share of the cost based on their share of Council Tax.

2.4.1 Local Discretion CTRS

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

- As pensioners (2,862 cases) are protected under the regulations, any Council Tax levied would only be against working age CTRS claimants (4,792 cases);
- It was concerned about the impact of any reduction to CTRS given the other welfare cuts, especially in relation to low income working households. For example, a 20% reduction in CTRS that many Authorities have introduced would cost the average claimant £200 – 250 per annum of £5 per week;
- Recovering Council tax liability from such low-income groups would significantly increase the Council's collection/recovery costs and there is doubt that a majority of Council Tax would actually be paid increasing write offs.

It should be noted that in 2020/21 only 17 Councils out of 326 (including the six Cumbrian Districts) have maintained a fully rebated CTRS Scheme.

2.4.2 Options for Change

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

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

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

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

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

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

Only (i) would raise significant income for the Council and in 2021/22 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 £890,000 by 2021/22, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the County Council and Police Authority, as consultees to any proposed changes.

It is therefore recommended that the current statutory default scheme be continued for 2021/22.

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:

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Baseline Funding	3,513	3,583	3,655	3,728	3,803
Additional Business Rate Income	900	900	900	900	900
	4,413	4,483	4,555	4,628	4,703

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 2021/22; paragraph 3.2 refers. Early indications are that the sum can be increased by £1,200,000 as a result of the continuation of the pool, and overall growth when compared to the baseline funding.

Significant changes are on the horizon for Business Rates with the Government's intention to allow Local Authorities to retain a greater percentage of business rates (currently plans for 75%) within the sector rather than the current 50/50 arrangement. Implementation was due to occur from April 2020; however, this has now been delayed until 2021 and details of how the scheme will be structured are still unknown. This will include how the local shares are to be distributed between districts and counties.

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.

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 £631,357 in 2019/20.

The MHCLG has decided not to revoke the existing legislation governing pooling arrangements, and therefore the pooling arrangements can continue for 2021/22 if all participating members agree. The principle of continuing in the Cumbria Pool was provided to the MHCLG by 15th October 2020 and acknowledged by the MHCLG on 19th October 2020.

It is therefore proposed that the Council continues to participate in the Cumbria Pool for 2020/21.

4.0 SUMMARY OF ASSUMPTIONS

- A £5 (Band D Equivalent) Council Tax increase for 2021/22 onwards.
- A Council Tax Surplus for 2021/22 onwards of £50,000. The actual figure for 2021/22 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £900,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2021/22; however, it is proposed that this sum be increased by £1,200,000 for 2021/22;
- An assumed taxbase of 34,911.93 for 2021/22. The final taxbase for 2021/22 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2021/22 is for a total of £705,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

5.0 RISKS

- 5.1 There are risks around the future certainty of business rates income that could have a material impact on the budget of the Council. Council Tax increases are currently budgeted at the maximum allowable (£5). However, any future increases are subject to confirmation of the allowable increases by Central Government.

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 2021/22 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2021/22 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 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 – 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

Agenda
Item:

14(i)

Meeting Date: 8th September 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD15/20
Within Policy and Budget Framework YES
Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2021/22 to 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 25/20

Purpose / Summary:

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

Recommendations:

The Council is asked to:

- (i) approve the Medium-Term Financial Plan for the period 2021/22 to 2025/26.

Tracking

Executive:	20 July 2020
Scrutiny:	23 July 2020
Executive:	17 August 2020
Council:	08 September 2020

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 2021/22 to 2025/26. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 4 February 2020. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.
- 1.3 The MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the impact of leaving the European Union, the financial impact and economic recovery from 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 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 9 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.2 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 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 draft MTFP, particularly the Financial Principles, has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.

5.2 The Business and Transformation Scrutiny Panel considered the MTFP on 23 July, and recommendations will be made to full Council on 08 September.

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

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

6.1 The Council is asked to:

- (i) approve the Medium-Term Financial Plan for the period 2021/22 to 2025/26.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Alison Taylor

Ext: 7290

**Appendices
attached to report:**

Appendix 1 – Medium Term Financial Plan 2021/22– 2025/26

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 2021/22 to 2025/26 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

Carlisle City Council

2021/22 to 2025/26

Contents

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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 MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in order to react effectively to changing situations. The Government's approach to public sector funding beyond 2020/21 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. This impact is likely to extend beyond the current financial year and into 2021/22.
- 1.4 The Medium-Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

2.0 Financial Principles supporting the MTFP

2.1 The key principles to be applied to the MTF are set out by theme below:

Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision-making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.1m 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. 75% retention of Business Rates, Business Rate Baseline resets, the Fair Funding Review and any Comprehensive Spending Review implications;
- Assess the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;
- 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 close the anticipated £1million per annum funding gap (from 1st April 2021);
- 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 £1,500,000 for 2021/22 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 2021/22 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 (reduced from £2,400,000 in 2020/21) 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;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

Treasury Management Assumptions:

- *Rate for refinancing stock issue currently included in MTFP at an assumed rate of 2.7% on a principal and interest loan;*
- *Average investment return assumed at 1.2% for 2021/22.*

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

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

- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget;
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget;
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio;
- The Procurement and Commissioning Strategy;
- Local Plan/Local Development Framework;
- The ICT Strategy;
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future;
- There are also a number of strategies, which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy and Green Infrastructure Strategy
- Directorate Service Plans will be used to inform the budget setting process and identify key strategic and operational objectives and the resources required to deliver those.

4.0 Revenue Budget Forecasts

4.1 Current Budget Forecast

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

4.1.2 The Council approved the current forecast for the period 2020/21 to 2024/25 in February 2020 and updated for the 2019/20 outturn position and details are shown below together with the base estimate figures for 2025/26.

2020/21 Revised £000	Summary Net Budget Requirement	2021/22 Budget £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000	2025/26 Proj £000
14,527	Total Recurring Expenditure	12,507	12,528	12,753	12,947	13,170
	Non Recurring Revenue Expenditure					
1,946	Existing Commitments	(36)	(45)	0	0	0
811	Carry Forward	0	0	0	0	0
17,284	Total Revenue Expenditure	12,471	12,483	12,753	12,947	13,170
	Less Contributions (from)/to Reserves:					
(1,141)	Recurring Commitments Sub Total	(287)	16	121	263	382
(2,757)	Non Recurring Commitments - Existing Commitments	36	45	0	0	0
13,386	Total City Council Budget requirement	12,220	12,544	12,874	13,210	13,552
688	Parish Precepts	705	723	741	760	779
14,074	Projected Net Budget Requirement for Council Tax purposes	12,925	13,267	13,615	13,970	14,331

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

2020/21	Total Funding and Council Tax Impact	2021/22	2022/23	2023/24	2024/25	2025/26
34,468.61 £000	Estimated TaxBase	34,911.93 £000	35,261.05 £000	35,613.66 £000	35,969.80 £000	36,329.50 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
13,386	- City	12,220	12,544	12,874	13,210	13,552
688	- Parishes	705	723	741	760	779
14,074	Total	12,925	13,267	13,615	13,970	14,331
	Funded by:					
(7,487)	- Council Tax Income	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)
(3,335)	- Retained Business Rates	(3,513)	(3,583)	(3,655)	(3,728)	(3,803)
(2,400)	- Business Rate Growth/Pooling	(900)	(900)	(900)	(900)	(900)
(134)	-Business Rate Multiplier Grant	0	0	0	0	0
(30)	- Estimated Council Tax Surplus	(50)	(50)	(50)	(50)	(50)
(688)	- Parish Precepts	(705)	(723)	(741)	(760)	(779)
(14,074)	TOTAL	(12,925)	(13,267)	(13,615)	(13,970)	(14,331)
£ 217.20	City Council Tax Band D Council Tax	£ 222.20	£ 227.20	£ 232.20	£ 237.20	£ 242.20
£5.00 2.36%	Increase over Previous year: £ %	£ 5.00 2.30%	£ 5.00 2.25%	£ 5.00 2.20%	£ 5.00 2.15%	£ 5.00 2.11%

Table 1b: Summary Budget Position (Funding)

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

4.2 Funding Prospects

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment 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

The Chancellor announced on 24th March that the Comprehensive Spending Review 2020 would be delayed to enable the government to remain focused on responding to the public health and economic emergency. Therefore, the Spending Review for 2020, that would have announced the overall funding available to Local Government for the next few years will be deferred until 2021. The government have said they will continue to work with councils on the best approach to the next financial year, and the approach to the 2021/22 local government finance settlement. This means that there will be again, only a 1-year settlement for 2021/22 and will also mean the deferring of 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 have also confirmed that the Review of Relative Needs and Resources ('Fair Funding Review') and 75% Business Rate Retention will no longer be implemented in 2021/22. The Government will keep an open dialogue with local authorities about the best approach to the next financial year, including how to treat accumulated business rates growth and potentially including a reset of the business rate base and the approach to the 2021/22 local government finance settlement. On the latter point, it is understood that this means that some form of a reset of retained business rates next year has not been ruled out. In the longer-term, the Secretary of State reiterated his commitment to reforms.

Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2020/21. 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 £2,400,000 for 2020/21 falling to £900,000 for 2021/22. **However, uncertainty about the future retained business rates scheme beyond 2020 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.**

Due to the deferral of the 75% Business Rates Retention Scheme, the Council continued to participate in the Cumbria Business Rates Pool, during 2020/21, 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				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Business Rates Baseline % Change	(3,335)	(3,513) 5%	(3,583) 2%	(3,655) 2%	(3,728) 2%	(3,803) 2%
Rates Growth/Pooling % Change	(2,400)	(900) -63%	(900) 0%	(900) 0%	(900) 0%	(900) 0%
Total Funding	(5,735)	(4,413)	(4,483)	(4,555)	(4,628)	(4,703)

Table 2: Funding

4.2.7 Council Tax

The MTFP includes Council Tax increases from 2021/22 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 is assumed to be a recurring £50,000.

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.

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				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Council Tax Base	34,468.61	34,911.93	35,261.05	35,613.66	35,969.80	36,329.50
% Change		1.29%	1.00%	1.00%	1.00%	1.00%
	£000	£000	£000	£000	£000	£000
Council Tax Surplus	(30)	(50)	(50)	(50)	(50)	(50)
% Change		67%	0%	0%	0%	0%
Band D Council Tax	217.20	222.20	227.20	232.20	237.20	242.20
% Change		2.30%	2.25%	2.20%	2.15%	2.11%
Total Yield	(7,487)	(7,757)	(8,011)	(8,269)	(8,532)	(8,799)

Table 3: Council Tax

The recent comprehensive funding package announced by the Government refers to:

- A phased recovery of Collection Fund deficits over the next 3 years;

- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

However, until final details are provided the impact on the MTFP cannot be assessed.

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 and a fundamental zero-based budget review of all base budgets, to ensure compliance with best practice and outcome based budgeting and other appropriate budget disciplines.

The recent Peer Review has 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 1st April 2021);
- Undertake and implement a base budget review.

4.3.2 The savings currently included in the MTFP total £1million on a recurring basis increasing by a further £850,000 on a recurring basis:

	Cumulative savings required £	In year savings required £
2020/21	0	0
2021/22	1,000,000	1,000,000
2022/23	1,000,000	0
2023/24	1,850,000	850,000
2024/25	1,850,000	0
2025/26	1,850,000	0

Table 4: Savings

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

5.0 Provisions, Reserves & Balances

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

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

5.2 General Fund

5.2.1 Having undertaken a risk assessment 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:

	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000
General Fund Reserve	3,100	2,431	2,180	2,241	2,362	2,625
Projects Reserve	836	0	0	0	0	0
Carry Forward Reserve	654	632	632	632	632	632
	4,590	3,063	2,812	2,873	2,994	3,257
<u>Revenue Earmarked Reserves</u>						
Flood Reserve	1,948	4	4	4	4	4
Cremator Reserve	1,080	1,111	1,111	1,111	1,111	1,111
City Centre Reserve	5	5	5	5	5	5
Planning Services Reserve	196	182	182	182	182	182
Prosecutions Reserve	36	36	36	36	36	36
Waverley Viaduct Reserve	30	30	30	30	30	30
Revenue Grants Reserve	1,939	1,495	1,495	1,495	1,495	1,495
Apprentices Reserve	78	78	78	78	78	78
Building Control Reserve	100	100	100	100	100	100
	5,412	3,041	3,041	3,041	3,041	3,041
Total Revenue Reserves	10,002	6,104	5,853	5,914	6,035	6,298

Table 5: Revenue Reserves

5.3.4 The MTFP does not assume any use of earmarked reserves beyond 2020/21.

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:

	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000	31/03/2025 £000
<u>Capital Earmarked Reserves</u>						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	136	113	113	113	113	113
Lanes Capital Reserve	75	90	105	120	135	150
Total Capital Reserves	211	203	218	233	248	263

Table 6: Capital Earmarked Reserves

5.4 **Provisions**

5.4.1 The Council holds a number of provision balances for items where future commitments are likely and use of these are delegated to the relevant Corporate Director in consultation with the 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 2020, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2019/20 now confirmed, the General Fund Reserve and Projects Reserve has been updated as shown in Table 5 above.

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

6.0 Income

6.1 Fees & Charges

- 6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.
- 6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.
- 6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.
- 6.1.4 The main areas of fee generating income are shown in the table below:

	2018/19 Actual £000	2019/20 Actual £000	2020/21 Budget £000
Parking	(1,195)	(1,088)	(1,095)
Bereavement Services	(1,596)	(1,713)	(1,615)
Development Control	(689)	(435)	(602)
Total	(3,480)	(3,236)	(3,312)

Table 7: Main areas of Income

6.2 Property Rentals

- 6.2.1 Income received from property rentals is in the region of £4.1 million per annum.
- 6.2.2 The yield from property rentals included in the MTFP is shown in the following table: -

	2018/19 Actual £000	2019/20 Actual £000	2020/21 Budget £000
The Lanes	(1,080)	(1,028)	(950)
The Market	(132)	(68)	(88)
Industrial Estates	(2,784)	(2,662)	(2,596)
Misc Properties	(363)	(393)	(484)
Total	(4,359)	(4,151)	(4,118)

Table 8: Property Income

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

6.3 **Grants & Contributions**

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

6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council 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 2020/21 indicative figures were provided for one year only (with no legacy payments being made in subsequent years) with any new funding beyond 2020/21 being subject to the 2020 Spending Review with possible revisions to the scheme too. The MTFP does not therefore assume any new allocations of New Homes Bonus beyond 2020/21; however, it does include the continuation for 4 years of those allocations received in 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	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
2015/16						
2016/17	(480)					
2017/18	(476)	(476)				
2018/19	(259)	(259)	(259)			
2019/20	(351)	(351)	(351)	(351)		
2020/21		(408)	?	?	?	?
2021/22			?	?	?	?
2022/23				?	?	?
Total	(1,566)	(1,494)	(610)	(351)	0	0

Table 9: New Homes Bonus

6.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £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 2021/22 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)	14,148	141	283	424
Pension Contribution (£000)	1,769	18	35	53
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				
<u>Pensions</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - o The pay award for 2020/21 has not yet been agreed. 2% is factored into the MTFP.
 - o Implications of the triennial pension revaluation for 2020 are incorporated into the budget.

7.3 **General Inflation**

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

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Expenditure (£000)	8,967	90	179	269
Income (£000)	(4,623)	(46)	(92)	(139)
		Risk		
		High	Medium	Low
<u>Pay Award</u>				
Likelihood of Change				
Impact of Change				
<u>Salary Turnover</u>				
Likelihood of Change				
Impact of Change				

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

7.4 **Investment Income**

- Investment Returns –

	2020/21	2021/22	2022/23	2023/24	2024/25
Investments	1.08%	1.20%	1.33%	1.58%	1.83%
Property Fund	4.40%	4.40%	4.40%	4.40%	4.40%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	30,956	310	619	929
Property Fund Income (£000)	3,383	34	68	101
		Risk		
		High	Medium	Low
<u>Investment Income</u>				
Likelihood of Change				
Impact of Change				
<u>Property Fund Income</u>				
Likelihood of Change				
Impact of Change				
<u>Average Balances</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
 - Capital Investment decisions will affect the Capital Financing Requirement and average balances
 - The investment returns used when the budget was set in February 2020 will need to be updated given current guidance on when interest rates are expected to change.

7.5 **Borrowing**

- Assumed Borrowing - 2020/21 **£22.0m**
- Assumed Borrowing Rate - 2020/21 **2.25% - 2.70%**

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

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

	2020/21	2021/22	2022/23	2023/24	2024/25
CFR	6,942	13,020	39,939	39,385	39,247
MRP	-	-	150	957	941

	Base Level	Sensitivity		
	£000	+/-1%	+2%	+/-3%
Borrowing Rate (£000)	22,000	220	440	660
MRP	0	0	0	0
		Risk		
		High	Medium	Low
<u>Increase to Borrowing Rate</u>				
Likelihood of Change				
Impact of Change				
<u>Increase to CFR</u>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
 - Borrowing assumed in MTFP for Leisure facilities, Gateway 44 and Southern Relief Road
 - 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 2020/21

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	132	2	50%	4	66	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	225	3	75%	9	169	5% Charges Income forecasts for 2019/20
Underachievement of Investment Income	2	95	1	25%	2	24	0.5% of exposure of average balance of £19m
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 £4.5m for 2019/20)
Transformation not met	4	1,134	2	50%	8	567	Transformation savings still to be agreed
Loss of Income from Retained Business Rates	4	1,154	3	75%	12	866	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS		4,656				3,095	
Maximum Risk Based Reserve Balances						4,656	
Minimum Risk Based Reserve Balances						1,164	
Current Level of Reserves (Projected as at 31/03/21) (General Fund including carry forward reserve)						3,063	
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves						-32	

Appendix B – Reserves & Provisions

Reserves

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
Lanes Capital Reserve	75	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
<i>Revenue Reserves</i>				
General Fund Reserve	3,100	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	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: - - Cash Flow requirements - Inflation and interest rates - Demand Led Budget Pressures - Efficiency and Productivity Savings - The Availability of funds to deal with major unexpected events or emergencies - Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through	This reserve is still required

Reserve	Balance 31/3/20	Purpose	Conditions of Use	Future of the Reserve
			consideration of supplementary estimates on an ad-hoc basis Where there is a critical need to access the emergency element of the Fund of 825£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	
Projects Reserve	836	The balance at 31 st March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	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	654	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 31/3/20	Purpose	Conditions of Use	Future of the Reserve
Building Control Reserve	100	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	1,080	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	1,948	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 2020/21 to support the reinstatement of the Civic Centre

Reserve	Balance 31/3/20	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	1,939	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	196	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	78	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.	New Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the 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 31/3/20	Purpose	Future of the Provision
Business Rate Appeals	1,694	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	155	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2019 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Rickergate Ringfenced Account	173	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

Provision	Balance 31/3/20	Purpose	Future of the Provision
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	1	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	9	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
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.	New Provision
Working Time Directive	62	To establish a provision in relation to costs associated with the Working Time Directives.	New Provision
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2020/21 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?

Appendix D – Gross Expenditure Breakdown

	Original Budget 2020/21 £
Expenditure	
Employee Related	15,894,000
Premises Related	4,091,100
Transport Related	1,415,000
Supplies & Services	4,341,300
Third Party Payments	2,319,200
Transfer Payments	26,516,600
Support Services	12,113,100
Capital Financing Costs	2,470,100
Recharges	(14,223,700)
Total Expenditure	54,936,700
Income	
Government Grants	(1,676,800)
Specific Grants	(27,013,400)
Other Grant/Reimbursements/Contributions	(1,846,400)
Interest	(265,700)
Customer and Client Receipts	(10,292,400)
Total Income	(41,094,700)
Net Budget Requirement	13,842,000
Funded By:	
Council Tax	(7,487,000)
Council Tax Surplus	(30,000)
Retained Business Rates	(3,468,900)
Business Rates Growth/Pooling	(2,400,000)
Reserves	(456,100)
Total Funding	(13,842,000)

Report to Council

Agenda
Item:

14(ii)

Meeting Date: 8 September 2020
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD15/20
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL INVESTMENT STRATEGY 2021/22 - 2025/26
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES
Report Number: RD 26/20

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 2021/22 to 2025/26. 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 2021/22 to 2025/26.

Tracking

Executive:	20 July 2020
Scrutiny:	23 July 2020
Executive	17 August 2020
Council:	08 September 2020

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 4 February 2020. This position has been updated to reflect any known changes since that date. The Strategy also incorporates the requirements under the Prudential Code 2017 to link capital investment with treasury management activity and service objectives.

2. KEY MESSAGES

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
 - 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 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;
 - Impact of COVID-19 on the deliverability of capital projects.
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
 - Asset sales generating receipts over current estimate levels will reduce any borrowing requirement;
 - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement;
 - A review of the current programme may relieve some of the expenditure pressures.

3. RISKS

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

4. CONSULTATION

- 4.1 The draft Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel considered the report on 23 July 2020 and recommendations will be made to full Council on 08 September.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1 Council is asked to:
- (i) approve the Capital Investment Strategy for the period 2021/22 to 2025/26.

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: Alison Taylor

Ext: 7290

Appendices Appendix 1 – Capital Investment Strategy 2021/22 to 2025/26
attached to report:

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

CORPORATE IMPLICATIONS/RISKS:

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

Finance – contained within the report

Equality – Strategy includes expenditure forecast for Disabled Facility Grants

Information Governance - There are no Information Governance Implications

Property – The Capital Investment Strategy links with the Asset Management Plan 2021/22 to 2025/26 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

Carlisle City Council

2021/22 to 2025/26

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1.0 Introduction

- 1.1 The Capital Investment Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources and Asset Management Plans. The strategy reflects the links to other Council plans and is based on the guidance in the Medium-Term Financial Plan (MTFP). The Capital Investment Strategy is written following guidance included in the Prudential Code (2017) and is required to be approved by Full Council.

The objectives of the Capital Investment Strategy are to:

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

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

1.3 **Evaluation and Monitoring of Capital Projects**

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

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

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

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

1.5 **Current Asset Portfolio**

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

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

Asset Category	Valuation 31/03/20 £000	Rental Income £000	Other Income £000	Total Income 20/21 £000
Investment Property	79,905	4,118	0	4,118
Surplus Assets	961	0	0	0
Land & Buildings	32,255	0	3,924	3,924
Infrastructure	5,114	0	0	0
Community Assets	4,128	24	0	24
Dwellings	201	0	0	0
Vehicles Plant & Equipment	5,896	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	4,218	0	0	0
TOTAL	152,180	4,142	3,924	8,066

Investment Property (Non-Operational)

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

Surplus Assets (Non-Operational)

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

Assets Held for Sale (Non-Operational)

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

Land & Buildings (Operational)

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

Infrastructure (Operational)

These assets include bridges and footpaths

Community Assets (Operational)

These assets include parks and open spaces

Dwellings (Operational)

These assets are primarily homeshares used by the homelessness service

Vehicles, Plant and Equipment (Operational)

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

Heritage (Operational)

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

Assets Under Construction (Non-Operational)

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

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2020, this totalled £29million, which represents a debt cover ratio of 18.9%.

2.0 Financial Principles supporting the Capital Strategy

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

- The 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 revisions;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
 - o Review of existing capital programme to ensure that schemes are still required and are accurate;
 - o Maximisation of the use of grants and contributions from external sources;
 - o Providing a recurring revenue contribution to the capital programme;
 - o 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.

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

The Capital Investment Strategy takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies:

- The Medium-Term Financial Plan, which provides information on the proposed revenue budget and considerations that will impact on future budgets.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the

assumptions for financing requirements and interest rates and their effect on the revenue budget.

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

3.0 Capital Expenditure

3.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets 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 at £25.5million 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 Gateway 44 investment and 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 will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 5 (Commercial Activity).

The table below shows the current capital resources before any new decisions around capital investment are made.

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Borrowing Requirement B/Fwd	2,711					
Estimated resources available in year (Table 3)	(9,605)	(6,204)	(2,454)	(2,454)	(2,899)	(2,454)
Proposed Programme (Table 2)	29,946	10,387	7,996	2,869	3,714	2,866
In-Year Borrowing Requirement	20,341	4,183	5,542	415	815	412
Cumulative Borrowing Requirement	23,052	27,235	32,777	33,192	34,007	34,419
In-Year External Borrowing planned to be Undertaken	7,000	6,000	5,000	0	0	0
External Borrowing undertaken in previous years	14,000	0	0	0	0	0
Cumulative External Borrowing to Fund the Capital Programme	21,000	27,000	32,000	32,000	32,000	32,000
Amount of Borrowing Requirement funded from internal cash balances (Internal Borrowing)	2,052	235	777	1,192	2,007	2,419

Table 1: Current Capital resources

Note: External Borrowing shown is in relation to capital expenditure only. Other external borrowing is not shown here (i.e. refinancing of Stock Issue)

3.2 Current Expenditure Forecast

The Council approved the current forecast for the period 2020/21 to 2024/25 in February 2020 and details are shown below adjusted for the outturn from 2019/20 and also for decisions made in relation to capital investment between April and June 2020.

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Disabled Facilities Grants	2,865	1,467	1,467	1,467	1,467	1,467
Vehicles Plant & Equipment	1,532	1,215	1,158	976	1,851	1,003
Property Enhancements	377	250	250	250	250	250
ICT Strategy	311	101	76	131	101	101
Recycling Containers	45	45	45	45	45	45
Play Area Developments	83	0	0	0	0	0
Gateway 44	4,622	0	0	0	0	0
Bitts Park Flood reinstatement	22	0	0	0	0	0
Planning Software	150	0	0	0	0	0
Cemetery Infrastructure	36	0	0	0	0	0
Open Space Improvements	81	0	0	0	0	0
Minor Works Grants	23	0	0	0	0	0
Carlisle Southern Relief Road	0	0	5,000	0	0	0
On Street Charging Points Infrastructure	204	0	0	0	0	0
Civic Centre Development	2,581	1,021	0	0	0	0
Savings to be identified	0	(200)	0	0	0	0
LED Footway Lighting Installation	203	0	0	0	0	0
Skew Bridge Deck	70	0	0	0	0	0
Central Plaza	12	0	0	0	0	0
Rough Sleeping Initiative	50	0	0	0	0	0
Leisure Facilities	16,679	6,488	0	0	0	0
Total Programme	29,946	10,387	7,996	2,869	3,714	2,866

Table 2: Current Capital Programme

3.3 Current Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a variety of sources and the 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. 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				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Capital Grants & Contributions	4,304	1,467	1,467	1,467	1,467	1,467
Capital Receipts (Asset Review)	2,078	3,750	0	0	445	0
Revenue Financing	3,223	987	987	987	987	987
Total Resources Receivable in Year	9,605	6,204	2,454	2,454	2,899	2,454
Borrowing Requirement (in Year)	20,341	4,183	5,542	415	815	412

Table 3: Current Proposed Resources

There is a further £113,000 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. £750,000 has also been received in relation to a specific Cumbria LEP funded scheme which is not yet in the current programme.

3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2020/21 the Council has budgeted to receive £1,467,300 which will increase to £1,899,800 now that the 2020/21 allocation has been confirmed. The grant continues to be distributed through the County Council, as the Better Care provider, who then allocates funding to the District Councils.

3.3.2 Revenue Contributions and Reserves

The capital programme can also be financed through the use of reserves (both capital and revenue) although revenue contributions will have an overall effect on the General Fund revenue budget

3.3.3 Capital Receipts

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

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £2.078million are included in the Capital programme to be achieved in 2020/21.

3.3.4 Borrowing Requirement

The borrowing requirement includes £34m borrowing over the next five years for the funding of the capital programme, with £14million of this requirement having been borrowed in 2019/20. The majority of the revenue cost of the borrowing is to be paid for through a reduction in the Leisure contract fee, increased income and developer contributions.

3.4 Asset Management

A separate Asset Management Plan is produced annually by the Council that outlines the ongoing asset management requirements to maintain the property portfolio. This Plan is considered alongside the MTFP and the Capital Investment Strategy.

The Council also maintains a vehicle Plant and Equipment Replacement Plan which outlines the anticipated replacement lifecycle for the main items of fleet it requires to operate services. This plan is updated annually and is fed into the budget process to determine the capital requirement.

4.0 Debt, Borrowing and Treasury Management

4.1 Borrowing

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

The Council has identified that it may need to borrow up to £34million in total to fund the current capital programme to support the development of Leisure Facilities, Gateway 44 project and Carlisle Southern Relief Road. The cost of this borrowing is included in the Medium-Term Financial Plan and is also offset by a corresponding savings from the Council's Leisure Contract, increased income and developer contributions.

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:

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

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In

cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met from revenue resources without having an adverse impact on service delivery. Where possible, debt will be repaid at the earliest opportunity, and the type of borrowing undertaken will always reflect the need the Council has at the point in time it is taken out. The Council will look to repay all borrowing either before or upon its actual maturity profile.

4.2 **The Capital Financing Requirement**

The Capital Financing Requirement (CFR) represents the Council's underlying need to borrow. This is different to any actual borrowing. If the Council generates the same amount of resources in a year to meet its capital expenditure requirements, then there is no change to the CFR. However, if the Council spends more than the resources it generates in year, the CFR will increase as in effect the Council has created a borrowing requirement to bridge the gap in the resources it needs and the resources it has.

Although the CFR does not necessarily reflect actual borrowing taken from an external source, it can reflect the use of internal cash resources, i.e. internal borrowing.

Where the Council has a positive CFR, i.e. an underlying need to borrow, it must make provision to repay that 'debt', or repay the cash used through internal borrowing. This is known as Minimum Revenue Provision (MRP). The Council's current policy, as set out in the MRP Strategy is to charge MRP on a straight-line basis at 3% of the CFR. As MRP is a non-cash transaction it has the effect of increasing the cash balance of the Council.

The current forecast for the CFR and MRP based on the current capital programme is as follows:

	Budget	Forecasts				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total Capital Expenditure	29,946	10,387	7,996	2,869	3,714	2,866
Capital Resources Receivable in Year	(9,605)	(6,204)	(2,454)	(2,454)	(2,899)	(2,454)
MRP & Repayment of Debt	(12)	(12)	(162)	(969)	(953)	(1,187)
Change in Underlying need to borrow	20,329	4,171	5,380	(554)	(138)	(775)
CFR Brought Forward	14,485	34,814	38,985	44,365	43,811	43,673
CFR Carried Forward	34,814	38,985	44,365	43,811	43,673	42,898
Adjustment A Revision	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)	(4,426)
Adjustment for Assets Under Construction	(23,446)	(21,539)	0	0	0	0
CFR FOR MRP PURPOSES	6,942	13,020	39,939	39,385	39,247	38,472

Table 6: Capital Financing Requirement

4.3 Investment and Reserve Balances

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

At 31 March 2020, the Council had cash and investments of £30.956million. 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 2021, investment balances would be £12.3million. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Total Investments	30,956	12,326	12,284	10,145	9,000	7,580	6,918
<i>Made up of:</i>							
General Fund Reserves	4,590	3,063	2,812	2,873	2,994	3,257	3,639
Capital Reserves	75	90	105	120	135	150	165
Earmarked Revenue Reserves	5,412	3,041	3,041	3,041	3,041	3,041	3,041
Provisions	2,552	2,552	2,552	2,552	2,552	2,552	2,552
Collection Fund Adj Account	1,101	1,101	1,101	1,101	1,101	1,101	1,101
Capital Grants Unapplied	136	113	113	113	113	113	113
Working Capital	2,799	2,799	2,799	2,799	2,799	2,799	2,799
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	16,665	12,759	12,523	12,599	12,735	13,013	13,410
Surplus Cash/(Cash Deficit)	14,291	(433)	(239)	(2,454)	(3,735)	(5,433)	(6,492)

Table 7: Investments and Reserves

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

The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2025/26.

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

	Outturn	Forecasts					
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
CFR (Underlying Need to borrow)	14,485	34,814	38,985	44,365	43,811	43,673	42,898
Total Borrowing	28,776	34,381	38,746	41,911	40,076	38,240	36,406
(Over)/Under Borrowing Position	(14,291)	433	239	2,454	3,735	5,433	6,492
Less Capital Receipts Applied	0	0	0	0	0	0	0
(Over)/Under Borrowing Position	(14,291)	433	239	2,454	3,735	5,433	6,492

Table 8: Borrowing position

Therefore, the Council is holding £14.291million of cash in its investment balances at 31 March 2020 that can be attributed to the amount of debt it

holds. This was due to the borrowing undertaken in 2019/20 that has yet to be spent on the capital programme. Where actual debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

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

4.4 **Authorised Limit and Operational Boundary**

The Authorised Limit and Operational Boundary are set in line with the requirements of the Prudential Code and are included in the Treasury Management Strategy Statement and approved by Council in February each year.

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit 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 2020 on adjusting the limits in line with the current projections for the CFR.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2019/20 actual £000	2020/21 estimate £000	2021/22 estimate £000	2022/23 estimate £000	2023/24 estimate £000	2024/25 estimate £000
Authorised Limit for External Debt:						
- Borrowing	44,000	44,000	45,000	48,000	47,000	45,000
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	44,100	44,100	45,100	48,100	47,100	45,100
Operational Boundary for external debt:						
- Borrowing	39,000	39,000	40,000	43,000	42,000	40,000
- Other Long Term Liabilities	100	100	100	100	100	100
TOTAL	39,100	39,100	40,100	43,100	42,100	40,100

5.0 Commercial Activity

5.1 The Council has used its asset portfolio to operate in a commercial manner for many years. Much of the investment property portfolio is held on long term leases which provide a guaranteed rental return from the asset with regular rental review built into the terms of each lease. This way of operating therefore provides some certainty about the income levels receivable.

With reductions in funding the Council is having to look at commercial activities to supplement its income and support service delivery. However, to minimise risk of potential loss of income in the longer term it needs to ensure that any investment opportunities are based upon sound decision making that consider the future likelihood of investment income reducing.

Therefore, when making commercial investment decisions the Council will follow the principles set out below:

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;

- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established.

6.0 Other Long-Term Liabilities

- 6.1 The Council currently holds a £15million stock issue loan that is due for redemption in 2020. This debt is factored into the Medium-Term Financial Plan to be re-financed in 2020 at a lower rate of interest. The loan is currently repayable at 8.75% and the MTFP assumes that the new borrowing will be at a lower interest rate, however, the actual rate achieved will depend on prevailing market rates at the time the loan is re-financed. The MTFP also assumes that any new loan will be taken on a principal repayment term so that the debt repaid fully once the new term ends.

7.0 Knowledge and Skills

7.1 The Council utilises the knowledge and skills of its internal officers when considering capital investment decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

7.2 The Council employs professionally qualified legal, finance and property officers who are able to offer advice and guidance when considering any capital investment decisions.

7.3 **Finance**

Finance staff are professionally qualified to advise the Council on all financial aspects of capital decisions. They also have the necessary experience of how the Council works having been in post for a number of years. Finance staff also undertake Continuous Professional Development and the Council is an accredited body of the CIPFA (Chartered Institute of Public Finance Accountancy) CPD scheme. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.4 **Property**

The City Council's in-house property team is made up of a number of Chartered Surveyors who advise the Council on all property matters. They are all members of the Royal Institution of Chartered Surveyors (RICS) and comply with the RICS's rules in relation to Continuing Professional Development. The Property Services Manager is also an RICS Registered Valuer. The Council is a member of ACES – the Association of Chief Estates Surveyors and Property Managers in the Public Sector. The team have extensive property knowledge and have worked for the Council for a number of years.

7.5 **Legal**

Legal Staff are professionally qualified as either solicitors or legal executives and are regulated by their respective professional bodies (Solicitors Regulation Body/Institute of Legal Executives). The staff undertake Continuing Professional Development and their rules of conduct require that they have an appropriate level of skill and expertise to deal with the particular matter with which they are dealing. All staff are aware of the operational structure of the Council. They maintain knowledge and skills through regular technical updates from appropriate bodies.

7.6 **External Advice**

The Council uses external advisors where necessary in order to complement the knowledge its own officers hold. Some of these advisors are contracted on long term contracts or are appointed on an ad-hoc basis when necessary. The main advisors the Council uses are as follows:

- **Link Asset Services** – Treasury Management, including Cash investments, borrowing and capital financing
- **ChanceryGate** – Property and Asset Management and asset development opportunities in relation to Kingstown Industrial Estate

APPENDIX A

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	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.

Report to Council

**Agenda
Item:**

14(iii)

Meeting Date: 8 September 2020
Portfolio: Finance, Governance and Resources
Key Decision: YES: Recorded in the Notice Ref: KD. 13.20
Within Policy and Budget Framework Yes
Public / Private Public

Title: Asset Management Plan 2021 to 2026
Report of: The Corporate Director of Governance and Regulatory
Report Number: Services GD 43/20

Purpose / Summary:

The draft Asset Management Plan was considered by Executive on 20th July 2020 before being referred to Business and Transformation Scrutiny Panel on 23rd July 2020 and back to Executive on 17 August 2020.

The Plan will also report on the current position and performance of the Portfolio, and the Asset Disposal Programme.

Recommendations:

Council agree to adopt the Asset Management Plan for 2021-2026

Tracking

Executive:	20 th July 2020
Scrutiny:	23 rd July 2020
Executive:	17 th August 2020
Council:	8 th September 2020

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 23rd July.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1.1. 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 2021 - 2026

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 2021/22 to 2025/26.

EQUALITY – None

INFORMATION GOVERNANCE – N/A



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2021 – 2026

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1. The Council

- 1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2020/21 has a net revenue budget of £14.65 million and capital expenditure budget of £29.92 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 £4.46 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £80 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.

- 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 2021-2026

- **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 Gateway 44. 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. 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 2020

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	64	52	13	201
Total income	£23,600	£3,923,800*	£4,118,600**	-	£8,066,000
Capital value	£4,128,000	£32,255,000	£79,905,000	£961,000	£117,249,000
Capital Expenditure	£51,691	£195,846	£168,930	-	£416,467
Outstanding Maintenance		£2,380,200	£2,000,000	-	£4,380,200
* 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 2019/20 was £3.18 million.

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 £2,587,300 to £2,380,200. 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 are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset

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disposals and investment undertaken at Durranshill and Kingstown Industrial Estates.

6.6 Outstanding Maintenance

	20/21	21/22	22/23	23/24	24/25	25/26
Total Revenue Budget	£745,900	£760,700	£776,000	£791,500	807,400	823,500
Capital Schemes Special Projects	£250,000	£250,000	£250,000	£150,000	£150,000	£150,000
Ratio Planned: Reactive Maintenance	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 £2,380,200 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 18 November 2019 (report reference GD.62/19). In condition category terms the split is:-

Condition Category (as a % of Gross Internal Area Operational Property)			Sustainable Criteria
	2019-24	2020-25	
A. (Excellent)	0.73%	0.73%	Yes
B. (Good)	89.42%	89.42%	Yes
C. (Mediocre)	9.85%	9.85%	Review
D. (Poor)	0%	0%	No

6.8 The table above shows the condition categories of the operational portfolio. There has been no overall 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 over 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 Energy Efficiency

6.10 A programme of energy efficiency and renewable energy projects has been carried out with significant investment in former years. We continue to look to incorporate energy efficiency measures as part of any improvement works. Projects are being considered to incorporate whole place energy efficiency measures where possible, in addition to that required to meet current building regulation standards.

6.11 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.

6.12 The operational and investment portfolio has been assessed to produce up to date Display Energy Certificates (DECS) or Energy Performance Certificates (EPCS) as legally 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.

6.14 Where assets have fallen below the required standard this has been assessed and maintenance work has been completed. 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.

6.15 Capital Works and Repairs

6.16 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

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legal duty to maintain its properties and the programme is required to meet those statutory duties. Report GD.62/19 was presented to the Executive with proposals for capital investment for planned major repairs which was approved as follows:

Property	Description of works	Estimated Cost
Cemeteries	Resurfacing	£30,000
Carlisle Cemetery	Decoration to perimeter railings	£10,000
Bousteads Grassing	Roller shutter renewals	£10,000
Bousteads Grassing	Main office re-roof	£30,000
Crematorium	Flat roof and felt gutter renewal	£15,000
Tullie House	Pitched roof repair and rainwater goods renewal	£10,000
Talkin Tarn Tea Room	Fire escape staircase renewal	£15,000
Civic Centre	Concrete balcony repairs	£15,000
Civic Centre	Lift motor bearings renewal	£10,000
Richardson Street Football Changing Rooms	Demolition of premises	£10,000
Belah Park Depot	Demolition of premises	£10,000
Old Town Hall	External redecoration	£10,000
Stony Holme Club House	Flat roof renewal	£20,000
Tullie House	Plant replacement	£20,000
Talkin Tarn	Aeration system compressor renewal	£10,000
Melbourne Park Changing Rooms	Flat roof renewal	£10,000
Greystone Community Centre	Repointing and masonry repairs etc.	£5,000
Various	Legionella risk assessment updates and renewals (30 properties approx.)	£10,000
Total 2020 / 2021:		£250,000

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- 6.17 Due to resourcing issues and a series of Storm events which reduced the safe working period the following items of Capital Repairs are subject to a carry forward request. Some items have since been completed and pending final sign off.

Works Carried Forward From 2019 / 2020

Civic Centre	Flat roof repairs over rates hall / customer contact centre	£20,000
Bousteads Grassing	Depot resurfacing (right hand side)	£10,000
Currock CC	Flat roof renewal	£14,400
Monuments	James Creighton & Queen Victoria refurbishment	£10,000
Monuments	James Steele & Earl of Lonsdale refurbishment	£10,000
Enterprise Centre	Fire alarm upgrade	£20,000
Civic Centre	Roof beam covers	£30,000
Dixons Chimney	On-going stone & pointing repairs	£21,400
Carlisle Cemetery	Decoration to perimeter railings	£5,000
General fund c/f		£6,000
Total C/F:		£146,800

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.
- 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 Works have commenced on the redevelopment of the Civic Centre ground floor and are scheduled for completion during 2021. 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 where possible.

- 7.6 The redevelopment of the ground floor has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.
- 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 Coronavirus 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.
- 7.8 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.
- 7.9 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.
- 7.10 Asset Review Business Plan
- 7.11 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).
- 7.12 Work continues on the implementation of the Business Plan as detailed below:

7.13 Disposal Programme

7.14 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.

7.15 Additional staff resources have been engaged to deliver this 5-year programme. To date over £3.2m has been generated, however we anticipate that the ongoing pandemic will delay progress as prospective purchasers concentrate on their existing portfolios rather than seek additional assets and inevitably there will be an impact on values. At this stage the full impact is not known and will only become clear over the coming years however we anticipate that there will be delays to the programme and capital values will be reduced.

7.16 A number of the assets identified for disposal have significant issues to resolve prior to marketing and this lull in the market is allowing the due diligence to be progressed in order that when market conditions improve, we are ready to proceed at speed.

7.17 Reinvestment Options

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

7.19 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 7.31 below

7.20 We continue to look for opportunities to enhance income generating opportunities for the City Council.

7.21 Sands Centre redevelopment

7.22 The redevelopment of the Sands Centre has commenced with the temporary accommodation for GLL & NHS complete at Newman School and the Sands. The decision was taken to lease space at the former Newman 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

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the city once we vacate. Temporary accommodation has also been provided at the Sands to allow events to continue in the main hall.

- 7.23 Once complete the development will provide a modern energy efficient leisure centre for the citizens of Carlisle. The current swimming facilities will be redeveloped as part of the Station Gateway project and will also reduce the Council's repairing liabilities. Works are scheduled for completion in spring 2021.
- 7.24 Chancerygate – Kingstown and Parkhouse
- 7.25 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.
- 7.26 They are currently project managing the construction of Gateway 44, a 42,000 sq. ft. bulky goods retail scheme at Parkhouse. The asset is being developed as an income generating asset and will be held as part of the investment portfolio. Completion of the build programme is anticipated in October 2020; this is slightly behind schedule due to inclement weather early in the build programme and the coronavirus pandemic. However, the construction team have done an incredible job to minimise delays with work continuing, albeit at a reduced pace, throughout lockdown.
- 7.27 Despite the turmoil in the retail sector we continue to generate interest and are working on potential deals. Unfortunately, Oak Furnitureland who were due to take space within the scheme have gone into administration, we are currently reviewing options for this unit.
- 7.28 Good progress has been made with the rent review programme with 36 having been completed within 2019/20 with the rent roll increasing by circa £31,000 p.a. Chancerygate currently have 63 reviews in progress.
- 7.29 In addition to this Property Services and their other advisors have completed 13 reviews during 2019/20 increasing rental levels by circa £5,000 p.a. A further 31 reviews are in progress.
- 7.30 Overall ground rent income has increased by 7.25%.

7.31 Economic Development Portfolio

7.32 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.

7.33 The Borderlands Growth Deal presents a once in a lifetime opportunity for the growth of the city with Carlisle seen as the “beating heart” of the Borderlands region. Schemes are being developed to transform areas around the Citadel station and the Courts area. The Council are a key partner in both schemes and have property assets, such as The Pools and the Old Gaol site that will be integral to delivery of the projects. As well as dealing with our own assets we are also assisting with site assembly. The programme not only offers transformational opportunities for the City by developing a HS2 compliant station and a home for the University of Cumbria but also potential income generating opportunities in the future.

7.34 The Southern relief road opens up further opportunities for growth of the City. We are currently awaiting final scheme proposals before considering further the options for development of Council owned land outlined for the Morton District Centre which will encompass both a retail element and employment land.

7.35 St Cuthbert’s Garden Village scheme continues to make good progress, with the proposals now focusing on smaller settlements rather than one large one.

7.36 Coronavirus pandemic

7.37 The Coronavirus pandemic has had a major impact on the operations of the City Council. The Authority has used its property portfolio to support the public sector response to the crisis by enabling the creation of a recovery centre at the Sands and public car parks have been converted to mobile testing stations.

7.38 From an operational perspective many buildings have been closed and colleagues working from home where possible. The challenge in the short term will be to install social distancing measures to allow buildings to safely reopen. The pandemic has 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.

7.39 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.

- 7.40 The UK economy is currently experiencing a period of severe contraction due to the Covid-19 pandemic. Short term income will inevitably be reduced and tenants will vacate despite the significant assistance provided by Central Government. The long-term impact is not yet clear, however it is likely that values will fall although this will vary between sectors and this will impact on the investment portfolio. Certain sectors such as the High Street will see major structural change and the Council aims to minimise the long-term effect on its income levels through proactive property management.
- 7.41 Further, the potential impact of the UK's withdrawal from the European Union (EU) and the uncertainty over its future trading relationship with the EU are other factors that could put downward pressure on property values.
- 7.42 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. The key challenge will be to build on the opportunity that Coronavirus has given us to roll out agile working. 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.
- 8.2 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.
- 8.3 The Council has a significant investment property portfolio; the challenge will be to protect this income stream as the effects of the pandemic become clear.
- 8.4 The Council will continue to review its property portfolio and ensure that it is used to achieve the Council's operational, investment and economic development aims.