



PORTFOLIO AREA: FINANCE AND RESOURCES

Date of Meeting: 05 November 2001

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Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: ECONOMIC DEVELOPMENT SERVICES - REVENUE
ESTIMATES 2002/03

Report of: The City Treasurer

Report reference: Financial Memo 2001/02 No 105

Summary:

This report considers the revised revenue estimates for 2001/02 together with the estimates for 2002/03 in respect of the Economic Development Services. The report is compiled in the light of the City Council's agreed budget strategy for 2002/03.

Recommendations:

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

Contact Officer: Maureen Williamson

Ext: 7291

CITY OF CARLISLE

To: The Chairman and Members of
The Executive
05 November 2001

Financial Memo
2001/02 No 105

ECONOMIC DEVELOPMENT SERVICES –
REVENUE ESTIMATES 2002/03

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report summarises the revenue estimates for the Economic Development Services. The net budget requirement for each service area is summarised below with more detail being shown in the Appendices.

<u>2000/01</u> <u>Actual</u> £		<u>Appendix</u>	<u>2001/02</u> <u>Original</u> £	<u>2001/02</u> <u>Revised</u> £	<u>2002/03</u> <u>Estimate</u> £
743,745	Economic Development	A	880,520	1,161,240	934,620
286,094	Corporate Property	B	206,270-	465,350-	517,120-
1,029,839	Total		674,250	695,890	417,500

- 1.2 These estimates have been compiled in accordance with the City Council's agreed budget strategy for 2002/03. They have been prepared on an outturn basis with assumptions built in regarding price changes for all goods and services; in particular the pay award due in April 2002 has been assumed at 3 %. The estimates are cash limited at these amounts, which means that, once approved, Budget Holders must operate within this budget.
- 1.3 Where estimates have not been contained within agreed cash limits then this is indicated in the relevant section of this report.
- 1.4 The estimates are presented to the Executive in a summarised format. A set of papers containing all the detailed estimate provisions is available from the City Treasurer's Department on request.
- 1.5 Members should note that while these estimates have generally been finalised, some budgets might be subject to change before the estimate cycle is completed. This principally relates to the "Central Administration" recharges, which have still to be finally agreed between service departments.
- 1.6 The services within this report fall within the responsibility of the Economic Prosperity portfolio.

2. ECONOMIC DEVELOPMENT SERVICES

- 2.1 This section comprises Business and Employment Development (including the Irthing Centre and the Enterprise Centre) and Tourism and City Centre Management.
- 2.2 The net budget requirement for these services is shown attached at **Appendix A**. A detailed analysis of the changes between Original and Revised Estimate 2001/02 and the Estimate for 2002/03 can be found at **Appendix A1**.
- 2.3 The requirement by the Council to charge depreciation (plus a notional interest charge) on all of the Council's property assets instead of an asset rent calculated at 6% of capital value has resulted in an increased charge of £56,110. This is in respect of the Irthing Centre. However this additional charge will not affect the Council's overall bottom line expenditure requirement, since there is an equal and opposite credit generated by the charge.
- 2.4 The Council at its meeting on 17 July 2001 approved supplementary estimates of £1,023,000 as a result of the General Fund 2000/01 outturn, of which £189,480 related to Economic Development Services. These budgets are reflected in the revised estimates as now presented.
- 2.5 Salary related costs have increased by £11,850 in 2002/03. This increase is in relation to annual increments and the full year effect of filling a vacant post amounting to £2,660 and £9,190 respectively.

3. CORPORATE PROPERTY

- 3.1 This section includes the Lanes Centre Development, Covered Market, Industrial Estates, other Corporate Properties and the Airport.
- 3.2 The net budget requirement for these services is shown attached at **Appendix B**. A detailed analysis of the changes between Original and Revised Estimate 2001/02 and the Estimate for 2002/03 can be found at **Appendix B1**.
- 3.3 Additional income of £23,280 has been generated from the Industrial Estates in 2001/02 as more units have been occupied during the year compared to the original budget assumptions. The rent review for the Parkhouse Estate has also been achieved resulting in additional income of £62,340 in this financial year. However income from General Properties has fallen by £43,210 in 2001/02, and this can be analysed as follows:

Rent Reviews not achieved	£27,750
Rent Reviews delayed	£3,500
Increased level of unoccupied properties	£11,960

3.4 These estimates have been prepared on the basis of providing budget provision for the running costs of the Airport to the date of disposal, therefore generating savings of £328,460 and £112,250 in base budgets for 2001/02 and 2002/03 respectively.

4. CONSULTATION

This report will be referred to the relevant Overview and Scrutiny Committee to give them the opportunity to comment on any aspect of the estimates presented within this report, as part of the budget process

5. STAFFING/RESOURCES COMMENTS

Not applicable.

6. CITY TREASURER'S COMMENTS

Included within the report.

7. LEGAL COMMENTS

Not applicable.

8. CORPORATE COMMENTS

The Acting Head of Economic Development and the Corporate Property Officer have been fully involved in the compilation of these estimates and in the preparation of this report.

9. ENVIRONMENTAL IMPLICATIONS

Not applicable.

10. RECOMMENDATIONS

The Executive is requested to approve the estimates for the purposes of formulating a recommended budget to Council.

D THOMAS
City Treasurer

Contact Officer: Maureen Williamson Ext: 7291

APPENDIX A

ECONOMIC DEVELOPMENT SERVICES ESTIMATES 2002/03

OUTTURN 2000/01 £		ORIGINAL ESTIMATE 2001/02 £	REVISED ESTIMATE 2001/02 £	ESTIMATE 2002/03 £
ECONOMIC DEVELOPMENT SERVICES				
184,664	MANAGEMENT & SUPPORT	318,210	336,150	233,500
154,252	BUSINESS & EMPLOYMENT DEVELOPMENT	145,520	295,220	179,630
36,900	ENTERPRISE CENTRE	46,850	45,500	42,160
92,498	BRAMPTON BUSINESS CENTRE	95,480	173,430	160,060
1	NEW DEAL CONTRACT	0	0	0
174,698	TOURISM & CITY CENTRE DEVELOPMENT	173,560	206,490	206,550
18,334	CONFERENCE GROUP	21,900	22,120	23,630
100,318	CARLISLE TOURIST INFORMATION CENTRE	90,230	93,560	100,660
<u>761,665</u>	TOTAL GROSS COST	<u>891,750</u>	<u>1,172,470</u>	<u>946,190</u>
-7,020	RECHARGES	0	0	0
-10,900	DEMOCRATIC PROCESS & CORP MANAGEMENT	-11,230	-11,230	-11,570
0	DEPARTMENTAL SUPPORT	0	0	0
<u>-17,920</u>	TOTAL RECHARGED	<u>-11,230</u>	<u>-11,230</u>	<u>-11,570</u>
<u>743,745</u>	TOTAL NET COST	<u>880,520</u>	<u>1,161,240</u>	<u>934,620</u>

ECONOMIC DEVELOPMENT SERVICES**ANALYSIS OF CHANGES FROM BASE ESTIMATE**

	£	£
ORIGINAL BASE ESTIMATE 2001/02		880,520
1. Adjustments Approved by Committee/Officers To Date		
Salary Savings budgets vired to Central Overheads		18,830
2. Expenditure Adjustments		
Allowed Changes		
- Capital charges	56,110	
- Leased Car Recharges	2,480	
- Salary related adjustments	260	
- Other	<u>(4,460)</u>	54,390
3. Income Adjustments		
- Increased rental income (Enterprise Centre)		(5,270)
4. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges	(330)	
Increase /(decrease) in Central Accommodation charges	<u>3,620</u>	3,290
ADJUSTED BASE ESTIMATE 2001/02		951,760
5. Non Recurring Items		
Budgets b/fwd from 2000/01 (per Council 17 July 2001)	189,480	
Non Recurring Supplementary Estimate (Tourism)	20,000	209,480
REVISED ESTIMATE 2001/02		1,161,240
ADJUSTED BASE ESTIMATE 2001/02		951,760
6. Expenditure Adjustments		
Allowed Changes		
- Leased Car Recharges	(330)	
- Salary related changes	11,850	
- Other	200	
Non Recurring New Policy Initiative	<u>(23,000)</u>	(11,280)
Inflation Provision		
- General	9,800	
- Salary related	<u>14,240</u>	24,040
7. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges	(26,300)	
Increase /(decrease) in Democratic Process charges	340	
Increase /(decrease) in Central Accommodation	<u>(1,640)</u>	(27,600)
8. Income Adjustments		
Corporate Charging Policy		(1,800)
9. Savings Incorporated into Estimates		
Savings identified as a result of 2000/01 outturn		(500)
BASE ESTIMATE 2002/03		934,620

ECONOMIC DEVELOPMENT SERVICES ESTIMATES 2002/03

APPENDIX B

OUTTURN		ORIGINAL ESTIMATE	REVISED ESTIMATE	ESTIMATE
2000/01	CORPORATE PROPERTY	2001/02	2001/02	2002/03
£		£	£	£
-70,831	TOWN CENTRE DEVELOPMENT	-462,940	-454,950	-438,460
-55,058	COVERED MARKET	-79,390	-66,400	-59,310
-39,014	INDUSTRIAL ESTATES	-101,020	-150,450	-84,920
51,003	GENERAL PROPERTIES	-3,630	94,200	65,570
399,994	AIRPORT	440,710	112,250	0
<u>286,094</u>	TOTAL CORPORATE PROPERTY	<u>-206,270</u>	<u>-465,350</u>	<u>-517,120</u>

ECONOMIC DEVELOPMENT SERVICES - CORPORATE PROPERTY
ANALYSIS OF CHANGES FROM BASE ESTIMATE

	£	£
ORIGINAL BASE ESTIMATE 2001/02		<u>(206,270)</u>
1. Adjustments Approved by Committee/Officers To Date		
Savings re the Airport		(328,460)
2. Expenditure Adjustments		
Allowed Changes		
- Capital charges	(9,110)	
- NNDR	3,060	
- Other	<u>890</u>	(5,160)
3. Income Adjustments		
- Reduced Income (Market Hall)	5,000	
- Increased income (Industrial Estates)	(23,280)	
- Reduced income (General Properties)	<u>43,210</u>	24,930
4. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges		103,100
ADJUSTED BASE ESTIMATE 2001/02		(411,860)
5. Non Recurring Items		
Budgets b/fwd from 2000/01 (per Council 17 July 2001)		
	8,850	
Increased income (Parkhouse Review)	(62,340)	(53,490)
REVISED ESTIMATE 2001/02		<u>(465,350)</u>
ADJUSTED BASE ESTIMATE 2001/02		(411,860)
6. Expenditure Adjustments		
Allowed Changes		
Non recurring Repair & Maintenance (Asbestos Inspections)	(15,000)	
Savings re the Airport	(112,250)	
Miscellaneous	<u>(5,810)</u>	(133,060)
Inflation Provision		
- General		2,320
7. Internal Recharge Adjustments		
Increase /(decrease) in Central Administration charges		36,560
8. Income Adjustments		
Increased Income (Industrial Estates)	(10,350)	
Increased Income (General Properties)	<u>(730)</u>	(11,080)
BASE ESTIMATE 2002/03		<u>(517,120)</u>