2014/15 BUDGET REPORTS

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

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

Executive	18 November 2013
Community Overview and Scrutiny Panel	19 November 2013
Environment and Economy Overview and Scrutiny Panel	21 November 2013
Resources Overview and Scrutiny Panel	28 November 2013
Executive (Special)	9 December 2013
Executive	16 December 2013
Resources Overview and Scrutiny Panel	6 January 2014
Executive	15 January 2014
Council (Special)	4 February 2014

2014/15 BUDGET REPORTS

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Report to Executive	Agenda Item: A.1(a)

Meeting Date:	18 November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	2013/14 REVISED REVENUE BASE ESTIMATES AND UPDATED MTFP PROJECTIONS: 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD51/13

Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2013/14, together with base estimates for 2014/15 and updated reserve projections to 2018/19. New spending pressures and savings are considered elsewhere on the agenda. 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 2013/14 and base estimates for 2014/15;

(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.

Tracking

Executive:	**18 November 2013**
Overview and Scrutiny:	**ROSP 28/11/13;** **EEOSP 21/11/13;** **COSP 19/11/13**
Council:	

1. INTRODUCTION

1.1. This report considers the revised base estimates for 2013/14 together with the estimates for 2014/15 and updated projections to 2018/19. The report also sets out any known revisions to the Medium Term Financial Plan (MTFP) projections.

1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five year planning period as set out in the following Policy documents that were approved by Council on 10 September 2013:

- ♦ Medium Term Financial Plan and Charging Policy
- ♦ Capital Strategy
- ♦ Asset Management Plan

1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular the following are key to the budget process and details on these are considered further in the report:

- Government Finance Settlement - RSG and NNDR
- Welfare Reform Act
- Triennial Revaluation of the Pension Fund
- Transformation

1.4. It should also be noted that any new spending pressures and new savings identified during the course of this budget process are detailed within reports RD53/13 and RD54/13 considered elsewhere on the agenda. The potential impact of these proposals are **not** reflected within this report, as there are a number of options for member consideration. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies (and probable use of reserves) to enable a balanced budget position to be recommended to Council in February 2014.

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. A fundamental review of central recharges was undertaken during 2012/13 and although not currently included in future years budgets; the base information has been collated and will be included once Council formally approves the 2014/15 budget in February 2014. This has no impact on the overall financial position of the authority.

2.3. The table below sets out the base level General Fund requirement for 2013/14 and 2014/15 with projections to 2018/19. The 2013/14 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

		2013/14 Original £000	2013/14 Revised £000	2014/15 Original £000	2015/16 Proj £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000
Net Base Budget		13,432	13,614	11,811	11,143	12,166	13,106	13,965
Parish Precepts (PP)		452	452	464	476	488	500	511
Total		**13,884**	**14,066**	**12,275**	**11,619**	**12,654**	**13,606**	**14,476**
Original MTFP Projections			13,884	12,275	11,619	12,654	13,606	14,476
Variance		**13,884**	**182**	**0**	**0**	**0**	**0**	**0**
Analysis of Variance:								
Non-Recurring:								
Transformation	1	0	182	0	0	0	0	0
Total Variance		**0**	**182**	**0**	**0**	**0**	**0**	**0**

Notes

Note 1 – This relates to one-off costs fully funded from the Transformation Reserve (Mainly redundancy/pension costs).

2.4. **Appendix A** details the movements between the original and revised budgets for the 2013/14 base budget requirement. Members will be aware from the Charges Review reports considered elsewhere on this agenda that a number of income streams are below projected levels in the current financial year. However there are a number of identified savings that offset this position and the current forecast is that the budget will be contained within existing approved resources for 2013/14. This will be kept under review as part of the budget monitoring process for 2013/14 with the position for 2014/15 onwards being considered as part of the budget process.

2.5. **Appendix B** details the movements between the Original Budget for 2013/14 and the Original Budget for 2014/15 incorporating all decisions made by the Council to date.

3. UPDATED MTFP PROJECTIONS

3.1 The budget projections as currently forecast in the MTFP are summarised in Table 2 below:

Table 2 – Current Budget projections

	Recurring Commitments (Surplus) £	Non-Recuring Commitments £	Carry Forwards £	Total £
2013/14	(1,806,000)	1,560,000	677,000	431,000
2014/15	(602,000)	160,000	19,000	(423,000)
2015/16	(868,000)	0	0	(868,000)
2016/17	47,000	0	0	47,000
2017/18	840,000	0	0	840,000
2018/19	1,451,000	0	0	1,451,000

3.2 Other than the minor changes detailed at section 2 there have been no major revisions to the budgets at this stage. The revised estimates for 2013/14 will be recommended to Council as part of the budget process.

3.3 There are, however, some significant pressures arising which impact on the budget, and the above forecasts do not, at this stage, include any estimated impact of those pressures. The Savings and New Spending Pressures are considered separately on this agenda and once Member proposals are made the impact will be included in the projections. The Executive will be asked to consider the issues in those reports and any subsequent reports issued in December and make proposals on the savings, new spending pressures and use of reserves as set out in the reports in order to issue a draft budget for consultation purposes.

4. OUTSTANDING KEY ISSUES

4.1. **Revenue Support Grant (RSG) and National Non Domestic Rates (NNDR)**
The figures incorporated into this report are based on the 2013/14 Local Government Finance Settlement confirmed by the Secretary of State in November 2012. The settlement was for 2013/14 and 2014/15, however further reductions for 2015/16 onwards have only been estimated in the MTFP.

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

Admin Grant is likely to reduce over the life of the MTFP and reductions were built into the budget process for 2013/14 to try and mitigate the effect of this, however, further reductions will occur with the downsizing of housing benefit.

4.3. **Triennial Revaluation of the Pension Fund**
The actuarial revaluation of the pension fund will be effective from 1 April 2014 with potential revenue pressures on the Council's budget. Estimates of this pressure will not be notified to the Council until 18 November; however the cost could be mitigated by changes to the recovery period.

4.4. **Transformation**
The current MTFP includes budgeted recurring savings of £0.839million for the transformation programme, to be found by 2015/16.

4.5. **Resource Assumptions**
Contributions from balances include all approvals to date, but make no assumptions on further contributions from balances to support the budget from 2014/15 onwards. The resources projections assume:

- The MTFP assumes a reduction in Government Grant allocation from 2014/15 onwards. However indications are that there will be further reductions to these figures from 2015/16 onwards.
- Council Tax increase for 2014/15 of 2.6% with 2% thereafter. A Council Tax freeze grant is on offer from the Government for 2014/15 and 2015/16 only.
- A Council Tax Surplus for 2014/15 onwards of £35,000. The actual figure for 2014/15 will be available in January.
- An assumed taxbase of 30,894. The final taxbase for 2014/15 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2014/15 is for a total of £463,000 (including approximately £54,000 in Government Grant for Council Tax reduction scheme.) The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

- Each 1% (£1.95) movement in Council Tax impacts on the Council by £67,000
- Each 1% movement in RSG/NNDR grant will impact by £91,000.
- Each £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

5. NEW SPENDING PRESSURES

5.1. In addition to the projected deficit set out in the MTFP, the recent monitoring work has revealed that there are further pressures facing the Council. These, and other pressures, are set out elsewhere on this agenda (see report RD53/13). Any pressures approved during this budget cycle will need to be considered in the light of the resources available.

6. SAVINGS AND ADDITIONAL INCOME PROPOSALS

6.1 The savings and additional income proposals to be considered as part of this report are presented elsewhere on this agenda (see report RD54/13).

6.2 In considering these savings, Members need to bear in mind the original revenue deficit as set out in section 3, the pressures identified in RD53/13 and the other significant factors affecting the budget that are currently unresolved which are key to the budget process as set out in section 4.

7. PROJECTED IMPACT ON REVENUE RESERVES

7.1. The Council's overall levels of reserves are set out in **Appendix C** and have been adjusted following the finalisation of the 2012/13 accounts and reflect all decisions made by Council to date, but do **not** include any impact of new bids and savings which are considered elsewhere on the agenda.

7.2. The general principles on each of the Reserves are set out in the MTFP. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that:

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

7.3 The minimum level of revenue reserves is currently set at £2.6m in accordance with a detailed risk based assessment and reflected in the Council's MTFP.

8. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2014/15 to 2018/19

8.1. The current budget projections for the next five-year period are challenging and indicate that substantial savings will be required to enable the Council to contain its ongoing commitments within available resources.

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

8.3. In terms of expenditure pressures, the significant issue affecting the budget is the additional level of transformation savings required. Cumulative savings of £6.0 m have already been built into the MTFP (£5.2m already delivered/identified) and work is currently underway to achieve the residual £839,000.

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

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

9. CONSULTATION

9.1. The Resources Overview and Scrutiny Panel will consider this report on 28 November 2013, and their views fed back to the Executive on 9 December. The draft budget proposals will then be issued by the Executive on 16 December, and will be subject to wider internal and public consultation.

10. RECOMMENDATIONS

The Executive is requested to:

(i) note the revised base estimates for 2013/14 and base estimates for 2014/15;

(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.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

11.1 To ensure that a balanced budget is set.

Contact Officer: **Steven Tickner** **Ext: 7280**

Appendices attached to report:

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – contained within the body of the report

APPENDIX A

MOVEMENTS BETWEEN ORIGINAL & REVISED BUDGETS 2013/14

	£	£
Original Estimate 2013/14		**12,755,000**
- Carry Forward requests from 2012/13		677,000
		13,432,000
Non-Recurring Impact:		
- Transformation Costs		182,000
Revised Estimate 2013/14		**13,614,000**

APPENDIX B

MOVEMENTS BETWEEN ORIGINAL BUDGET 2013/14 & ORIGINAL BUDGET 2014/15

	£	£
Updated Original Estimate 2013/14	**13,432,000**	
Carry Forwards 2012/13	**(677,000)**	
Original Estimate 2013/14		**12,755,000**
Impact of 2013/14 budget process approvals:		
Ongoing impact of additional savings/pressures approved		
- Pay Award	(32,000)	
- Discretionary Grants	(41,000)	
- Asset Review	(188,000)	
- Concessionary Fares	(58,000)	
- HB Admin Grant	55,000	
- Lanes Head Rent	(139,000)	
- Salary Turnover Savings	(170,000)	
- Income Below Target	(50,000)	
- Council Tax Freeze Grant	(7,000)	
- Revenue Costs of capital schemes	(25,000)	
- Treasury Management	316,500	(338,500)
- Non-Recurring commitments/deletions:		
Expenditure Reductions:		
- LSCT Relief Grant	20,000	
- MMI Insurance	(175,000)	
- Lanes Income	138,000	
- Special Events	(75,000)	
- Small Scale Projects	(40,000)	
- Housing Benefit Admin Grant	94,000	
- Inflation Savings	50,000	
- Income Shortfalls	(50,000)	
- Discretionary Grants	(41,000)	
- Environmental Support Team	(135,000)	
- Treasury Management	(662,000)	
- Transformation Savings	(596,000)	
- Slippage from 10/11	(123,000)	
- Slippage from 12/13	19,000	
- VAT	195,000	(1,381,000)
Recurring Impact:		
- Inflation		
- All Costs (including Pay Award)		775,000
Original Estimate 2014/15		**11,810,500**

APPENDIX C

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2013 £000	Projected 31 March 2014 £000	Projected 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000
Revenue Reserves							
General Fund Reserve	(2,542)	(2,111)	(2,534)	(2,600)	(2,600)	(2,515)	(1,064)
Projects Reserve	0	0	0	(802)	(755)	0	0
LSVT Warranties Reserve	(488)	(488)	(488)	(488)	(488)	(488)	(488)
Conservation Reserve	(116)	(116)	(116)	(116)	(116)	(116)	(116)
Sheepmount Reserve	0						
Collection Fund (Carlisle Share c	(65)						
Residents Parking Reserve	0						
Transformation Reserve	(495)						
EEAC Reserve	(56)	(16)					
Building Control Reserve	17						
JE Reserve	0						
Cremator Reserve	(143)						
Welfare Reform Reserve	(200)						
Licensing Reserve	(14)						
Total Revenue Reserves	**(4,102)**	**(2,731)**	**(3,138)**	**(4,006)**	**(3,959)**	**(3,119)**	**(1,668)**
Capital Reserves							
Usable Capital Receipts	(6,679)	(3,339)	(2,541)	(162)	(162)	(162)	(162)
Set Aside Capital receipts	0	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Unapplied capital grant	0	0	0	0	0	0	0
Asset Disposal Reserve	(785)	(360)	(360)	(360)	(360)	(360)	(360)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(354)	(369)	(384)	(399)	(414)	(429)	(444)
Total Capital Reserves	**(8,340)**	**(19,590)**	**(18,807)**	**(16,443)**	**(16,458)**	**(16,473)**	**(16,488)**
Total Usable Reserves	**(12,442)**	**(22,321)**	**(21,945)**	**(20,449)**	**(20,417)**	**(19,592)**	**(18,156)**
Other Technical Reserves*	**(96,058)**						
Total All Reserves	**(108,500)**						

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

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

CARLISLE CITY COUNCIL
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# Report to Executive	Agenda Item: **A.1(b)(i)**

Meeting Date:	18th November 2013
Portfolio:	Environment and Transport
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	REVIEW OF CHARGES 2014/2015 - LOCAL ENVIRONMENT
Report of:	The Director of Local Environment
Report Number:	LE30/13

Purpose / Summary: This report sets out the proposed fees and charges for 2014/15 relating to those services falling within the responsibility of the Local Environment Directorate.

Recommendations: The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2014 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**ROSP 28/11/13, COSP 19/11/13, EEOSP 21/11/13**
Council:	

1. BACKGROUND INFORMATION AND OPTIONS

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

1.2 This report proposes the review of charges within the Local Environment Directorate and covers City Centre usage by external organisations, Car Parking, Allotments, Sports Pitches, Environmental Quality, Food Safety, Waste Services and Bereavement Services. 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 C are extracts from the summary of charges book, which show the current and proposed level of charge for those services.

2. CORPORATE CHARGING POLICY 2014/15 TO 2018/19

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 2nd September 2013 and Full Council on 10th September 2013 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:-

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

2.2 The MTFP currently assumes an overall income target for the financial year 2014/15 reflecting an increase of 3.8% on 2013/14 budgets.

2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy which is set out in full in Appendix C.

3. CITY ENGINEERS

3.1 CITY CENTRE EVENTS

3.1.1 The Council exercises its powers, set out in Section 115 of the Highways Act, to charge reasonable expenses for events and activities undertaken in the pedestrianised area of the City Centre. At the present time the income generated is partly used to contribute to the cost of entertainment, events and activities arranged in that area whilst also serving to reduce the overall costs to the Council of managing the City Centre.

3.1.2 The charges approved in 2009/10 represented a significant increase to those adopted for previous years and there was a favourable overall impact on the income levels achieved in that year which greatly benefited from a large scale commercial promotions particularly from Sky taking advantage of the introduction of Digital services within Cumbria. The City Centre Manager has consulted the two Promotion Companies with whom we usually work, JFR Promotions, and Access Point, they are responsible for booking a large number of the promotional events in the City Centre. Their opinion, given the footfall and the size of the city, is current charges are in line with (if not slightly higher than) comparable cities in the North.

3.1.3 In view of the current economic climate it is proposed to retain the current charge levels for 2014/15 as set out in Option 1, Table 1 to help maintain demand and the current budgeted level of revenue. Based upon anticipated usage, the proposed charges in Table 1 below for 2014/15 will still meet the MTFP budget target requirement of £26,200. The charges have not increased since 2009 and members may wish to consider increasing the charges as set out in Option 2. Option 2 introduces 3 categories of promotion. Small promotions consist of one vehicle or canopy. Medium promotions consist of 2 vehicles. Canopies. Large promotions are vehicles over 7.5 tons or multiple vehicles/canopies. This would be against the advice of the promotion companies but some companies, particularly large promotions, may be prepared to pay these higher charges.

3.1.4 In respect of the current concessions given, it is proposed the following types of event and organisations continue to be authorised the use of the City Centre free of charge:

- Church & other religious events.
- Street Theatre.
- Community Information/Awareness Stands.
- Registered Charities.
- Political Parties.

- Community Service Organisation's (e.g. Police, Fire Services, Armed Forces etc)

TABLE 1 - CITY CENTRE EVENTS CHARGES

Event Type	Current Charges 2013/14	OPTION 1 Proposed Charges 2014/15	OPTION 2 Proposed Charges 2014/15
Charities, education and public information events	No charge	No charge	No charge
Large Markets	£900/day	£900/day	£1,000/day
Large Commercial Promotions	£200/day	£200/day	£400/day
Medium Commercial Promotions	n/a	£200/day	£200/day
Small Commercial Promotions	£60/day	£60/day	£60/day
Large Children's Ride	£80/day	£80/day	£80/day
Small Children's Ride	£50/day	£50/day	£50/day

3.2 CAR PARKING

3.2.1 Charging Structure

A new charging structure for car parks was introduced in March 2012 in which car parks were grouped into 4 categories to reflect the varying demand from users for each car park. No increases in charges have been made since that time. Table 2 below summarises the existing charges for each category of car park.

TABLE 2 – OFF STREET PARKING CHARGES

Length of Stay	Category 1	Category 2	Category 3	Category 4
1 hour	£1.00	£1.00	£1.00	£1.00
1-2 hours	£2.00	£2.00	£1.80	£1.80
2-3 hours	£3.00	£3.00	£2.70	£2.70
3-4 hours	£4.00	£4.00	£3.30	£3.00
4-6 hours	£10.00	£6.00	£4.00	£3.50
6–9.5 hours	£10.00	£6.00	£4.70	£4.00

3.2.2 Car Park Special Events Charge

It is now a number of years since the charges for special events in car parks were reviewed. Originally the daily charge per space for special events was comparable to the normal daily charge for stays over 6 hours. Due to the time since the last review the charges are now out of step. It is proposed that the special event charges be amended as shown in the table below to reflect the daily charge for parking.

Special Events Charges (Daily Charge per Marked Bay) (£)			
Car Park	**Existing Special Events Charge 2013/14**	**Proposed Special Events Charge 2014/15**	**Pay and Display Daily Charge**
Category 1			
Civic Centre	£9.60	£10.00	£10.00
Town Dyke Orchard	£9.60	£10.00	£10.00
Category 2			
Bitts Park	£8.40	£6.00	£6.00
Lowther Street	No charge set	£6.00	£6.00
Upper Viaduct	£9.60	£6.00	£6.00
Category 3			
Paddys Market	£3.60	£4.70	£4.70
The Sands	£3.60	£4.70	£4.70
Swifts Bank	£3.60	£4.70	£4.70
Category 4			
Cecil Street	£3.00	£4.00	£4.00
William Street	£3.00	£4.00	£4.00
Lower Viaduct	£3.00	£4.00	£4.00
Devonshire Walk	£1.80	£4.00	£4.00
Administration charge for each application	£36.00	£50.00	----
Car Park Cleaning Charge	Up to £180	Up to £400	

3.2.3 There is the potential to convert a limited number of disc zone car parking to off street car parking. This will be brought forward to the Executive for consideration in due course.

3.2.4 Car Park Ticket Sales

The above charging structure has been in place since 2nd March 2012 and we can build a picture of its impact, as shown below in Table 3a which shows tickets sales over the last 2 years, for the first 6 months of each year. Detailed sales figures are given for Pay and Display, Pay by Phone and a combined sales figure. Highlighted in green are those locations where sales have increased during the last 12 months.

3.2.5 In 2012 new charging measures were put in place. The changes included the revised charging structure introduced in March 2012, the introduction of Pay by Phone facilities as well as the introduction of 4 categories for car parks to reflect different usage and charging structure for each category. Table 3a shows that such measures have not prevented a continuing decline in Pay and Display ticket sales although the introduction of Pay by Phone has helped. The areas where ticket sales have increased over the past 12 months are highlighted in green in the table. The ticket sales from car parks has declined by an average of 11% over the last 2 years.

3.2.6 The uptake of Pay by Phone increases every month, but it still only represents a minor element of ticket sales and income. It represents at present 1.4% of income but is continuing to grow and is comparable with the way usage has grown in other towns that have introduced Pay by Phone. For many shoppers, who are uncertain how long they may wish to stay, the use of Pay by Phone provides an opportunity to extend the parking duration without the inconvenience of having to return to the car as extended duration can easily be purchased. Officers in conjunction with local businesses plan to make users more aware of the advantages of this option in the hope that sales can be increased and that businesses benefit from the flexibility that this option offers their customers.

3.2.7 The County Council are consulting on the introduction of charging for resident's permits and on-street parking. Should this be agreed it is likely that Carlisle City Council will levy the charges on their behalf. A separate report will be brought forward on this issue in due course.

3.2.8 The existing Contract Parking Permit (Saver Parking Permits) charges are set out in the table below. As there are no proposals to change the standard parking charges it is proposed that the contract parking charges remain unchanged.

SAVER PARKING PERMITS Saver Parking Permits are only available on Category 2,3 and 4 car parks			
Permit Type	**Valid for following car parks**	**Annual Price**	**Monthly**
Gold Category 2 permit	Bitts Park Lowther Street	£900.00	£75.00

	Upper Viaduct **Plus all Category 3 & 4 car parks**		
Silver Category 3 permit	Paddys Market The Sands Swifts Bank (Saturday & Sunday Only) **Plus all Category 4 car parks**	£720.00	£60.00
Bronze Category 4 permit	Cecil Street William Street Devonshire Walk Lower Viaduct	£600.00	£50.00

3.2.7 It is proposed to introduce a new charge of £6.00 per day for Builders Permits into the car park charging scheme.

Table 3a - Pay & Display Sales Figures to Week 26											
	Pay & Display Sales				**Pay By Phone Sales**				**Total Sales**		
	2011/12	**2012/13**	**2013/14**		**2011/12**	**2012/13**	**2013/14**		**2011/12**	**2012/13**	**2013/14**
Civic Centre	35,074	29,161	28798		0	120	312		35,074	29,281	29110
Town Dyke	79,670	79,172	71247		0	203	501		79,670	79,375	71748
CAT 1	**114,744**	**108,333**	**100,045**		**0**	**323**	**813**		**114,744**	**108,656**	**100858**
Bitts Park	18,855	17,703	17893		0	289	184		18,855	17,992	18077
Upper Viaduct	34,334	34,068	29613		0	224	595		34,334	34,292	30208
CAT 2	**53,189**	**51,771**	**47,506**		**0**	**513**	**779**		**53,189**	**52,284**	**48285**
Paddy's Market	1,856	1,416	1367		0	8	36		1,856	1,424	1403
Sands	35,316	33,563	31618		0	9	494		35,316	33,572	32112
Swift's Bank	383	353	273		0	5	31		383	358	304
CAT 3	**37,555**	**35,332**	**33,258**		**0**	**22**	**561**		**37,555**	**35,354**	**33819**
Cecil Street	11,321	10,199	9655		0	83	395		11,321	10,282	10050
Lower Viaduct	25,243	24,257	22639		0	52	314		25,243	24,309	22953
Dev Walk	15,825	18,030	12762		0	181	393		15,825	18,211	13155
CAT 4	**52,389**	**52,486**	**45,056**		**0**	**316**	**1,102**		**52,389**	**52,802**	**46158**
TOTAL	**257,877**	**247,922**	**225,865**		**0**	**1,174**	**3,255**		**257,877**	**249,096**	**229,120**

3.2.6 Car Park Income

Table 3b below gives a summary of the car park ticket income over the last 2 years for the first 6 months of each year. The situation is more optimistic than with ticket sales, the table shows highlighted in green those locations where income has increased over the past 12 months. Overall income has increased by 1.2% in the
past 12 months but still shows an overall fall of 6.3% over the last 2 years. If this is improvement is sustained it may indicate the start of an upward trend. The economic situation has not yet shown much improvement and there is evidence to suggest that increasing charges will trigger a fall in car park usage. It is therefore proposed that charges remain unchanged for another year as set out in Table 2. At that time data will be available on whether the recovery in income has accelerated making an increase in charges more justifiable.

Table 3b - Pay & Display Income Figures to Week 26

	Pay & Display Income				Pay By Phone Income				Total Income		
	2011/12	**2012/13**	**2013/14**		**2011/12**	**2012/13**	**2013/14**		**2011/12**	**2012/13**	**2013/14**
Civic Centre	58,200	50,618	50,378		0	557	898		58,200	51,175	51,276
Town Dyke	146,681	144,728	137328		0	813	2045		146,681	145,541	139,373
CAT 1	**204,881**	**195,346**	**187,706**		**0**	**1,370**	**2,943**		**204,881**	**196,716**	**190,649**
Bitts Park	28,606	26,308	30314		0	172	392		28,606	26,480	30,706
Upper Viaduct	63,699	65,590	61,983		0	1,005	2,694		63,699	66,595	64,677
CAT 2	**92,305**	**91,898**	**92,297**		**0**	**1,177**	**3,086**		**92,305**	**93,075**	**95,383**
Paddy's Market	3,489	2,830	2,914		0	22	129		3,489	2,852	3,043
Sands	69,532	63,102	63,375		0	244	1,702		69,532	63,346	65,077
Swift's Bank	888	639	307		0	2	8		888	641	315
CAT 3	**73,909**	**66,571**	**66,596**		**0**	**268**	**1,839**		**73,909**	**66,839**	**68,435**
Cecil Street	28,321	21,963	23,927		0	244	1,224		28,321	22,207	25,151
Lower Viaduct	60,432	51,928	52,366		0	143	1,083		60,432	52,071	53,449
Dev Walk	34,068	25,900	28,731		0	439	1,017		34,068	26,339	29,748
CAT 4	**122,821**	**99,791**	**105,024**		**0**	**826**	**3,324**		**122,821**	**100,617**	**108,348**
TOTAL	**493,916**	**453,606**	**451,623**		**0**	**3,641**	**11,192**		**493,916**	**457,247**	**462,815**

Therefore it is proposed to retain 2013/14 level of charges in 2014/15.

4 NEIGHBOURHOODS AND GREEN SPACES

4.1 ALLOTMENTS

4.1.1 The Allotments Act 1908 placed an obligation on Local Authorities to provide allotments and this remains a statutory duty today together with the responsibility for managing them.

4.1.2 Taking all factors into account, it is proposed that current charges are increased by 3.8% in line with current MTFP expectation. The existing and proposed charges are as follows in Table 4 below:

TABLE 4 – EXISTING 2013/14 AND PROPOSED 2014/15 ALLOTMENT CHARGES

Type of Charge	Existing Charge 2013/14	Proposed Charge 2014/15
Rental	23p per square metre	24p per square metre
Water Supply	£10.30 for the year	£10.70 for the year

4.1.3 Individuals in receipt of a state pension currently receive a 50% discount on the allotment rental but not the water supply charge and approximately 40% of existing holders fall into this category. There is a further 10% discount to those tenants associations' who collect rents on behalf of the City Council. In return for this discount the Committee members carry out tasks including the administration of lettings and rent collection thus saving an administrative burden on Council officers. Thorny Flatt became the first allotment association to govern their own affairs in 2013/14 and consequently they collect and keep the rental for that site, paying all maintenance and utility costs themselves.

4.2 USE OF PARKS AND GREEN SPACES

4.2.1 Charging for the use of parks and green spaces was introduced for 2012/13 as per Table 5, with a category for low key commercial use introduced in 2013/14. It is proposed that the MTFP requirement of 3.8% is applied to each charge, as shown in Table 5.

TABLE 5 – PROPOSED CHARGING LEVELS FOR THE USE OF PARKS

	2013/14 Charge		Proposed 2014/15	
TYPE OF ACTIVITY/EVENT	**MINIMUM FEE**	**LARGE EVENT INC CATERING PER EVENT**	**MINIMUM FEE**	**LARGE EVENT INC CATERING PER EVENT**
'Low key' commercial use – • Caterers selling hot and cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.) • Fun Fairs	£50 per day Sliding Scale (see 4.2.2.)	N/A	£55 per day Sliding Scale (see 4.2.2)	N/A
City Council organised events – to be recharged to the Directorate leading the event.	Re-instatement/ cleaning at cost	N/A	Re-instatement/ cleaning at cost	N/A
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£200 plus re-instatement cost	£200/ per day plus re-instatement cost	£210 plus re-instatement cost	£210/ per day plus re-instatement cost
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,000 plus re-instatement costs	£1000 per customer/per day plus re-instatement costs	£1,040 plus re-instatement costs	£1,040 per customer/per day plus re-instatement costs

NB The above charges would be subject to VAT where applicable.

4.2.2 With reference to Low Key Commercial use it is intended that Council officers should have discretion to waive or reduce charges in circumstances where a commercial operator is needed in order to provide a catering service as part of a City Council run event and this responsibility is currently delegated to the Director of Local Environment.

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

2013/14 Charges
- 1-10 rides/stalls £300 plus VAT per open day
- 11-15 rides/stalls £400 plus VAT per open day
- 16-20 rides/stalls £500 plus VAT per open day
- Over 20 rides/stalls by negotiation.

Proposed 2014/15 Charges
- 1-10 rides/stalls £310 plus VAT per open day
- 11-15 rides/stalls £415 plus VAT per open day
- 16-20 rides/stalls £520 plus VAT per open day
- Over 20 rides/stalls by negotiation.

4.3 SPORTS PITCHES

4.3.1 Three options for the proposed increases in charges for football and rugby pitches which are substantially in accordance with the MTFP target are shown in Table 6, 7 and 8 as follows (Option 2 being the Officer recommendation)

TABLE 6 – OPTION 1: existing 2013/14 & proposed 2014/15 charges for pitches - with inflationary uplift only

TYPE OF USE	Existing Charge 2013/14	Proposed Charge 2014/15
Matches		
Senior Clubs/match	£52.00	£54.00
Junior Clubs/match	£24.00	£25.00
Pitch and Accommodation/Season*		
Senior Clubs	£519.00	£540.00
Junior Clubs	£161.00	£167.00
*Includes use of showers, changing facilities and training room if available		
Pitch Only/Season		
Senior Clubs	£199.00	£206.00

Junior Clubs	£57.00	£60.00

TABLE 7 – OPTION 2: existing 2013/14 & proposed 2014/15 charges for pitches – with uplift to meet the medium term financial plan income target

TYPE OF USE	Existing Charge 2013/14	Proposed Charge 2014/15
Matches		
Senior Clubs/match	£52.00	£55.00
Junior Clubs/match	£24.00	£25.00
Pitch and Accommodation/Season*		
Senior Clubs	£519.00	£619.00
Junior Clubs	£161.00	£211.00
*Includes use of showers, changing facilities and training room if available		
Pitch Only/Season		
Senior Clubs	£199.00	£250.00
Junior Clubs	£57.00	£102.00

TABLE 8 – OPTION 3: existing 2013/14 & proposed 2014/15 charges for pitches based on true cost recovery, phased in over 3 years.

TYPE OF USE	Existing Charge 2013/14	Proposed Charge (Year One) 2014/15
Matches		
Senior Clubs/match	£52.00	£100.00
Junior Clubs/match	£24.00	£50.00
Pitch and Accommodation/Season*		
Senior Clubs	£519.00	£1,000.00
Junior Clubs	£161.00	£500.00
*Includes use of showers, changing facilities and training room if available		
Pitch Only/Season		
Senior Clubs	£199.00	£500.00
Junior Clubs	£57.00	£250.00

NB. Table 8 above is presented as an option for discussion based on the recovery from the service user (local football clubs) of the true costs of providing the

service (football pitches and changing rooms), to be phased in over three years.

The true costs of providing a football pitch include the staff and machinery costs of maintaining the grounds – grass cutting, scarifying, draining, fertilising and re-seeding – plus the staff and materials costs of marking out and lining the pitch, plus the hardware (goal posts, nets and corner flags). Cleaning and maintenance costs of the changing rooms at Melbourne Park, Keenan Park, Hammond's Pond and Richardson Street are also included (estimated).

Approximate total cost of providing the sports pitches service:

2 x grounds staff, 40% of working time (inc overheads)	**£33,000**
Team Leader (10% of working time inc overheads)	**£4,500**
Tractor and gang mowers (20%)	**£1,000**
Materials	**£5,000**
Buildings maintenance and cleaning (changing rooms)	**£5,000**
Total	**£48,500**

£48,500/22 pitches = £2,205 per pitch (assume adults and juniors pay the same)

OR

65% adult, 35% junior (10 adult pitches, 12 junior pitches)

£31,525/10 pitches = £3,150 per season (ADULT PITCH)
£16,975/12 pitches = £1,415 per season (JUNIOR PITCH)

4.4 Play Area Inspection Fee

4.4.1 It is proposed to introduce a 15% fee for administering the Royal Society for the Prevention of Accidents (ROSPA) inspections, which includes providing Parish Council's with a report.

4.5 Talkin Tarn Car Park/Other Charges

4.5.1 The income from car parking is an important funding stream for Talkin Tarn particularly given the withdrawal of transitional financial support from the County Council and greatly helps to reduce the annual revenue costs of the facility. In 2012/13 the income generated by the car park fell short of the target figure due to the generally poor weather and its impact on visitor numbers. By contrast the current year (2013/14) is showing a much improved performance and is currently running approximately £5,000 ahead of target. In last year's Charges Review a proposal for implementing a new charging structure was put forward, and a compromise was reached as per Table 9 below. Those charges should remain for 2014/15.

TABLE 9 – TALKIN TARN CAR PARK CHARGING PROPOSALS FOR THE FINANCIAL YEAR 2014/15

Service	2013/14 Charge	2014/15 Proposed Charge
Up to 1 Hour	£1.00	£1.00
Over 1 Hour	£2.00	£2.00
Talkin Tarn Membership	£52.00 per annum	£52.00 per annum

For 2013/14, the annual parking permit was rebranded as the Talkin Tarn Membership with the intention to include other services in addition to car parking at Talkin Tarn such as, vouchers to spend at the Cafe, a small number of day permits for fishing or water sports, access to "members only" events (e.g. guided walks, conservation workshops etc), a "Christmas Shopper" one day parking permit for the City, and a newsletter to show which projects at the Tarn are in benefit of the membership revenue. As a product the Talkin Tarn Membership is still in a developmental phase, and therefore the charge should remain at £52.00 per year.

4.5.2 The Business Plan for Talkin Tarn seeks to generate income wherever it is feasible and safe to do so. Other charges that are currently prevalent at Talkin Tarn are outlined in Table 10. Charges have been increased in line with the MTFP requirement other than for fishing permits and swimming registration.

4.5.3 **TABLE 10 – TALKIN TARN CURRENT AND FUTURE PROPOSED CHARGE LEVELS FOR OTHER INCOME**

ACTIVITY/FACILITY	CURRENT CHARGE 2013/14	PROPOSED CHARGE 2014/15
Education Cabin Hire	£30/half day	£31/half day
	£55/full day	£57/full day
	£6.50/hr, min. charge 2 hrs	£6.75/hr, min. charge 2 hrs
Alex Boathouse Hire	15% of any takings	15% of any takings
Water Sports Day Permit	£6.50	£6.75
Annual Water Sport Permit	£310 (For Groups)	£320 (For Groups)
	£105 (For Individuals)	£110 (For Individuals)
Fishing Permit	£2.50 adult per day	£2.50 adult per day
	£1.50 child per day	£1.50 child per day
	£25 Annual Permit	£25 Annual Permit
Annual Registration Fee for Swimming	£8.50 per adult	£9.00 per adult

4.6 BEREAVEMENT SERVICES

In line with the MTFP requirement of adding a minimum of 3.8% for inflation it is proposed that the charges be increased to the figures set out in Appendix B.

5. ENVIRONMENTAL HEALTH

5.1 GENERAL – The charges within the Environmental Health function are diverse and in some instances the limits are fixed by legislation. The proposed charges are set out in Appendix A. Commentary on each area is set out in the following paragraphs.

5.2 PEST CONTROL CHARGES

This year we have compared our pest control fees and charges with those of other local authorities and have made improvements to our charging structures. There is a standard charge of £38.00 (+VAT) for all domestic insect and public health pests. This has meant we have significantly reduced our charges for pests such as ants, fleas and bed bugs but have balanced this with an increased the domestic costs for wasps above the 3.8% Medium Team Financial Plan target. Wasp treatments continue to represent good value when compared to other providers. The commercial rat and mice fees have been raised less than the MTFP to encourage the take up of the treatment service. Contact prices have increased for the first time in a number of years to £320.00 but continue to represent excellent value for money. Senior Citizens and those on the higher rate Disability Living Allowance or Enhanced Personal Independence Payments continue to receive significant discounts for domestic treatments.

5.3 FOOD SAFETY

5.3.1 The cost of a Food Export Certificate has risen by £1.00 to £16.00. These certificates are issued to food manufactures who export to non EU countries and confirm the food production complies with food hygiene and food safety requirements. The certificate cost is kept low as the cost of the EHO time can be added should significant inspection time be required. For most exporters only the certificate is charged for as the Food Safety Team will already understand the exporter and their process.

5.3.2 The now rarely requested certificate of unsaleable food, which is issued where for example freezers breakdown and the food owner would like confirmation for insurance that the food is either unfit or unsaleable, has increased to £30.00.

5.3.3 The Council can also deliver basic food hygiene training for internal and hard to reach groups. The proposed charge for this is to remain at £50.00 per person.

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

5.4 PUBLIC HEALTH AND CLEAN NEIGHBOURHOODS

Central Government determines the range of fines for Fixed Penalty Notices (FPN), the fines issued by the City Council are the same as in 2013/14.

Shopping trolley and Waste Transfer Note FPN offences have been added to the fees and charges for 2014/15.

5.5 MISCELLANEOUS LICENCES

These national licences cover many public health and health and safety at work situations. The Council has discretion on the charges applied to these situations, it is proposed to increase charges in 2014/15 in line with the medium financial plan expectations of around 3.8%.

5.6 CCTV

The Data Protection Act, with certain exemptions, allows an individual to see data held by the Local Authority about them, this includes CCTV images. The £10 fee is stipulated by the Information Commissioner's Office. Other third parties may also request to see or have a recordings made of a CCTV image, a £10 fee is also proposed to cover expenses incurred in copying recording. Forms will be required to be completed and signed for both types of CCTV image requests.

5.7 PRIVATE WATER SUPPLY SAMPLING

Although schedule 5 of the Private Water Supplies Regulations 2009 details the maximum charges for private water supplies bacteriological, physical and chemical analysis, actual charges vary depending on the supplies risk assessment. All monitoring/analysis costs reflect the price charged by the laboratory which the Council recovers. Each visit will also incur a sampling charge. If a risk assessment, or another investigation is carried out, or an authorisation granted, there are additional charges.

There have been slight increases in the charges for private water supply samples and visits but these are still well below the maximum chargeable under the Regulations.

5.8 CONTAMINATED LAND & INFORMATION REQUESTS

Charges for the investigation and supply of information relating to land conditions or environmental issues are to remain at £50 minimum charge plus £50 per hour thereafter.

5.9 STRAY DOGS

The Council administers a charge to the owners of stray dogs at the point of recovery from the kennels. This is a fine and also serves to contribute to recovering some of the costs incurred in providing the service. The contract for the collection and detention of stray dogs is with the Animal Refuge at Wetheral, the kennels will collect the fine for the City Council and also add on their kennelling fee depending on the length of detention for the stray and the type of stray. The stray dog fine which is returned to the City Council has risen to £33.00, this is the first time the fine has increased and covers the £25.00 statutory fine set by the Environmental Protection (Stray Dogs) Regulations 1992 and the some of our administration costs.

5.10 GENERAL ADMINISTRATION FEES

The Council will seek to recover reasonable costs for processing work necessary due to non compliance with Statutory Notices. A £15.50 administration fee will be added to the charges recovered following works in default. Where requests are made to copy information a 10 p per sheet copy charge has been recommended.

5.11 ENVIRONMENTAL PROTECTION ACT – LAPPC CHARGES

The charges for the Local Authority Pollution Prevention and Control (LAPPC) regime continue to be set nationally. The figures are not usually available until March each year and have in the past been set well below the 3.8% MTFP Target. Current indications are that there will be a reduction in fees for 2014/15.

6.0 WASTE SERVICES AND STREET CLEANSING

The current charge for bulky waste collections is £17 for up to 5 items. This is substantially cheaper than many other authorities. For example Eden District Council charges £21 for 3 items, and Copeland and South Lakes District Councils charge £25 for 3 items. Also worthy of note is the fact that between October 2012 and September 2013 there have been only 47 requests for the collection of non-electrical bulky waste collections within Carlisle District. Such a low demand means it can be difficult to cover the costs of such a service. Therefore 2 options are presented for the bulky waste collection service. Option 1 involves bringing our charge in line with that of other authorities, and Option 2 is to suggest that we cease providing the bulky waste collection service altogether. Clinical waste collections are now only provided for domestic customers, so the annual charge of £470 should be deleted from the charging structure. A developer charge for new and replacement Euro Bins was introduced for 2013/14. It is proposed to increase this to £285 in line with the MTFP requirement. Table 11 summarises these proposed changes.

TABLE 11 – PROPOSED CHARGES FOR WASTE SERVICES

Service	2013/14 Charge	2014/15 Proposed Charge
Bulky Waste Collection	£17 (up to 5 items)	£18 (up to 5 items)
New/Replacement Euro Bin (charge for developers and property management companies)	£275 + cost of delivery	£285 + cost of delivery
Clinical Waste Collection	£470 per year	None - Delete from structure

6.1.1 In 2013/14 a charge for lost and replacement refuse containers was introduced. The primary purpose of this charge was to limit demand for new and replacement refuse containers, whilst keeping new and replacement recycling containers free in order to encourage and reward recycling.

6.1.2 Table 12 sets out the charges for replacement waste receptacles. The charge for a 140 litre refuse bin should remain at £20 in order to encourage waste minimisation. Likewise the charge for a box hat should remain at £1 to encourage recycling. It is proposed that charge for a 240 litre refuse or garden waste bin should increase to £35. This is greater than the MTFP requirement of 3.8% in order to allow for freezing the charges for 140ltr refuse bins, and for box hats. Finally, a new charge for replacement gull sacks is introduced as this is an addition to the suite of containers introduced in 2013/14.

6.1.3 In order to provide our customers with more options for purchasing replacement refuse bins, it is proposed that we offer the option of a reconditioned bin for £15.

6.1.4 Developers will continue to be charged for the cost of supplying households on new developments for the first set of waste and recycling containers as per Table 12.

TABLE 12 – WASTE RECEPTACLE CHARGES

Container Type	2013/14 Charge	Proposed 2014/15 Charge
Refuse Bin (Grey)		
140 Litre	£20.00	£20.00
240 Litre	£30.00	£35.00
Reconditioned (New)	N/A	£15.00
Seagull Sack (New)	N/A	£10.00
Green Waste Bin (Green)		
240 Litre	£30.00	£35.00
Box Hat	£1.00	£1.00
Euro Bin	£275.00 + Delivery Cost	£285.00 + Delivery Cost

6.1.5 There are two facets to the Special Collections service, that of bulky waste collections, which is dealt with in Table 11, and that of fixtures and fittings as shown in Table 13 below. In the even that Option 1 from Table 11 is chosen for bulky waste collections, each item on the fixtures and fittings list should have a 3.8% increase applied, as shown in Table 13.

TABLE 13 – SPECIAL COLLECTIONS: FIXTURES & FITTINGS, CHARGE PER ITEM

Item	2013/14 Charge	Proposed 2014/15 Charge
Door	£10.00	£10.50
Kitchen Units e.g. sink, cupboard, worktop, drawer unit	£10.00	£10.50
Bathroom Fittings e.g. sink, toilet, bath, shower, bidet	£10.00	£10.50
Fire (non-electrical)	£25.00	£26.00
Fire Surround	£20.00	£21.00
Window	£15.00	£16.00
Gate	£15.00	£16.00

Fencing Panel	£10.00	£10.50
Radiator	£15.00	£16.00
Hot Water Tank	£25.00	£26.00
Boiler	£25.00	£26.00

7 SUMMARY OF INCOME

7.1.1 The original 2013/14 budgets and 2014/15 forecast income levels based upon the current charge structure and forecast volume are as follows:-

TABLE 13 – COMPARISON OF ESTIMATES AND MTFP TARGETS

Service Area	Original Estimate 2013/14 £	MTFP Target 2014/15 £	Original Estimate 2014/15 £	(Shortfall) or Excess over MTFP £	Inc/ (Dec) %
City Centre – Pedestrianisation	16,200	26,200	26,200	0	0.0%
Env Protection	2,400	2,400	2,400	0	0.0%
Env Protection Act	24,400	17,700	12,700	(5,000)	(28.3%)
Dog Policy EPA	7,800	8,100	8,100	0	0.0%
Pest Control	31,100	32,300	32,300	0	0.0%
Food	2,500	2,600	2,600	0	0.0%
Bereavement Serv's	1,175,000	1,219,600	1,219,600	0	0.0%
Allotments	27,500	14,200	14,200	0	0.0%
Special Collections	36,300	37,700	37,700	0	0.0%
Sports Pitches	12,500	13,000	10,000	(3,000)	(23.1%)
Car Parking	1,294,100	1,219,200	1,049,200	(170,000)	(14%)
	2,629,800	**2,593,000**	**2,415,000**	**(178,000)**	**(8.7%)**
Talkin Tarn Car Park		34,700	34,700	0	0.0%

Total	**2,629,800**	**2,627,700**	**2,449,700**	**(178,000)**	**(8.7%)**

7.2 With the exception of Talkin Tarn, the income of which is ring-fenced, acceptance of the charges highlighted within this report will result in an anticipated level of income of £2,415,000 against the MTFP target of £2,593,000. This represents a shortfall of £178,000 against the MTFP target.

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

8.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2014 noting the impact these will have on income generation as detailed within the report.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: **Angela Culleton** **Ext: 7325**

Appendices attached to report: Appendices A, B & C

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources - The acceptance of the charges highlighted within this report, with the exception of Talkin Tarn which is ring-fenced, will result in an anticipated level of income of £2,415,000 against the MTFP target of £2,593,000. This represents a shortfall of £178,000 against the MTFP target. A non-recurring budget pressure of £170,000 is being put forward in relation to car parking income for 2014/15 only. A further review of car parking income will be carried out as part of the 2015/16 budget process. The additional shortfall of £8,000 will need to be accommodated within existing base budgets.

APPENDIX A

ENVIRONMENTAL HEALTH CHARGES PROPOSALS 2014/15
(The charges are exclusive of VAT unless otherwise stated, VAT is charged at Standard Rate)

PEST CONTROL **(Examples of Typical Charges)**	**Existing Charge 2013/14**	**Proposed Charge 2014/15**
Standard Farm Contract Service (Duration 12 months)	£300.00	£320.00
Wasps (Domestic) Wasps (Commercial) Senior Citizens and those on higher rate Disability Living Allowance or Enhanced Personal Independence Payments	£33.00	£38.00 £74.00 £20.00
Ants (Domestic) Ants (Commercial) Senior Citizens and those on higher rate Disability Living Allowance or Enhanced Personal Independence Payments	£46.00	£38.00 £74.00 £20.00
Standard Fleas / Cockroaches (Domestic) Standard Fleas / Cockroaches (Commercial) Senior Citizens and those on higher rate Disability Living Allowance or Enhanced Personal Independence Payments	£58.50	From £38 £74.00 £20.00
Rats / Mice (Domestic) Rats and Mice (Commercial)	Free/£74 £73/£74	Free/£38 £74.00
FOOD AND SAFETY		
Certification of unsaleable food	£25.00	£30.00
Food Hygiene Training	N/A	£50.00
Health and Safety Statement of Fact	N/A	£51.00
Export Certificate	£15.00	£16.00
Cost of EHO's time where applicable (per hour)	£51.00	£51.00
PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES **(These charges are inclusive)**		
Fixed Penalty Notice Charges:-		
Dog Fouling**	£80.00	£80.00
Dog Fouling – paid within one week of issue	£60.00	£60.00
Fly Posting**	£80.00	£80.00
Fly Posting – paid within one week of issue	£60.00	£60.00
Graffiti**	£80.00	£80.00
Graffiti – paid within one week of issue	£60.00	£60.00
Dogs not on Lead**	£80.00	£80.00
Dogs not on lead – paid within one week of issue	£60.00	£60.00

Waste Receptacles**	£80.00	£80.00
Failure to Produce a Waste Transfer Note	NA	£300.00
Environmental Protection Act - Litter	£80.00	£80.00
Environmental Protection Act - Litter – paid within one week of issue	£60.00	£60.00
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	NA	£80.00
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00
MISCELLANEOUS LICENCES		
Acupuncture, Cosmetic Piercing & Tattooing/Skin Colouring*	£93.00	£96.50.
Animal Boarding Establishment	£87.00	£90.00
Dog Breeders	£63.00	£65.50
Pet Shops	£92.00	£95.50
Zoo Licences & Dangerous Wild Animals (+ Vets Fees)	£119.00	£123.50.
CCTV AND GENERAL ADMINISTRATIVE COSTS (These charges are inclusive)		
CCTV Subject Access Request		£10.00
CCTV other requests (copying cost)		£10.00
PRIVATE WATER		
Analysis Charges		
Biological only	£15.00	£20.00
Check monitoring	£45.00	£50.00
Audit Monitoring (maximum)	£450.00	£450.00
Sampling Charges		
Sampling (each visit)	£80.00	£83.00
Risk Assessment (Domestic) Risk Assessment (Commercial – maximum charge £250.00)	£100.00 £100.00	£100.00 £100.00 plus £25.00 ph after 4 hours.
Other investigations (each investigation)	£100.00	£100.00
Granting an authorisation (each authorisation)	£50.00	£50.00

CONTAMINATED LAND		
Contaminated Land Information Request	£50.00 per hour	£50.00 per hour
STRAY DOGS		
Council fine (excluding kennelling fees)	£31.00	£31.00
GENERAL ADMINISTRATION FEES		
Works in default administration costs recovery	£15.00	£15.50
Copying documents	10p per A4 sheet	10p per A4 sheet

* One-off registration fees.

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

+ The charges are defined by legislation

PROPOSED LAPPC Charges for 2013/14- (SUBJECT TO FINAL OUTCOME OF DEFRA CONSULTATION)

Type of charge	Type of process	2013/14 Fee		
Application Fee	Standard Process	£1579		
	Additional fee for operating without a permit	£1137		
	Reduced fee activities (except VRs)	£148		
	PVR I & II combined	£246		
	Vehicle refinishers (VRs)	£346		
	Reduced fee activities: Additional fee for operating without a permit	£68		
	Mobile screening and crushing plant	£1579		
	For the third to seventh applications	£943		
	For the eighth and subsequent applications	£477		
Where application is for a combined Part B / waste application, add £297 to the above amounts.				
	Standard process Low	£739 (+£99)*		
	Standard process Medium	£1111(+£149)*		
	Standard process High	£1672 (+£198)*		
	Reduced fee activities Low/Med/High	£76	£151	£227
	PVR I & II combined	£108	£216	£326
	Vehicle refinishers Low/Med/High	£218	£349	£524
	Mobile screening and crushing plant L/M/H	£618	£989	£1484
	for the third to seventh authorisations L/M/H	£368	£590	£884

Type of charge	Type of process	2013/14 Fee		
	eighth and subsequent authorisations L/M/H	£189	£302	£453
	Late Payment Fee	£50	£50	£50
	* additional amount in brackets to be charged where a permit is for a combined Part B and waste installation			
Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £99 to the above amounts				
Transfer and Surrender	Standard process transfer	£162		
	Standard process partial transfer	£476		
	New operator at low risk reduced fee activity	£75		
	Surrender: all Part B activities	£0		
	Reduced fee activities: transfer	£0		
Temporary transfer for mobiles	Reduced fee activities: partial transfer	£45		
	First transfer	£51		
	Repeat transfer	£10		
	Repeat following enforcement or warning	£51		
Substantial change s10/11	Standard process	£1005		
	Standard process where the substantial change results in a new PPC activity	£1579		
	Reduced fee activities	£98		

Key

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

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

LAPPC mobile plant charges for 2013/14

Number of authorisations	Application fee 2012/13	Subsistence fee 2013/14		
		Low	Med	High
1	£1579	£618	£989	£1484
2	£1579	£618	£989	£1484
3	£943	£368	£590	£884
4	£943	£368	£590	£884
5	£943	£368	£590	£884
6	£943	£368	£590	£884
7	£943	£368	£590	£884
8 and over	£477	£189	£302	£453

LA-IPPC charges for 2013/14

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

Type of charge	Local authority element 2013/14
Application	£3218
Additional fee for operating without a permit	£1137
Annual Subsistence LOW	£1384
Annual Subsistence MEDIUM	£1541
Annual Subsistence HIGH	£2233
Substantial Variation	£1309
Transfer	£225
Partial transfer	£668
Surrender	£668

Key

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

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

Newspaper advertisements

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

Environment Agency Subsistence Fees for Discharge to Controlled Waters 2013/14

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

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

APPENDIX B

BEREAVEMENT SERVICES CHARGES

Product/Service	2013/14 Charge	2014/15 Proposed Charge
CREMATION - VAT NOT INCLUDED		
Cremation Stillborn/Child up to 1 month	FOC	FOC
Cremation 1 month – 17 years	145.00	152.00
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	655.00	690.00
Cremation Body Parts, Blocks and Slides	69.00	73.00
Additional copies of Cremation Certificates	21.00	22.00
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	21.00	22.00
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	42.00	44.00
MISCELLANEOUS - VAT NOT INCLUDED		
Use of Chapel of Rest/Chilled Storage 24 hours	16.00	16.00
48 hours	29.00	29.00
72 hours	44.00	44.00
Placing of Cremated Remains from away in Garden of Remembrance/Woods	53.00	55.00
Postage of Cremated Remains (UK)	43.00	45.00
Containers Plastic Urn	16.00	17.00
Metal Urn	25.00	26.00
Casket	38.00	39.50
Baby Urn	6.50	6.75
Others	POA	POA
For Provision of each Bearer at Cremation	16.00	17.00

Product/Service	2013/14 Charge	2014/15 Proposed Charge
Service *(minimum of 1member of Bereavement Services staff plus new bier)*		
BURIAL - VAT NOT INCLUDED		
Interment NVF ,Stillborn or Child up to 1 month	FOC	FOC
Interment of child 1 month to 17 years	95.00	98.60
Interment over 18 years	577.00	600.00
Interment of child 1 month to 17 yrs (out of hours: Mon-Sat)	355.00	366.60
Interment over 18 years (out of hours: Mon-Sat)	837.00	868.00
Interment of child 1 month to 17 yrs (out of hours: Sunday)	418.00	453.60
Interment over 18 years (out of hours: Sunday)	900.00	935.00
Interment of child 1 month to 17 yrs (out of hours: Bank Hol)	480.00	497.00
Interment over 18 years (out of hours: Bank Hols)	962.00	998.50
Interment of Cremated Remains (Per Set)	188.00	195.00
Interment of Body Parts, Blocks and Slides	52.00	54.00
Purchase of Exclusive Right of Burial ***NB Choice of 2 periods: 30 years and 50 years***		
30 Year Term		
Grave used for burial of child up to 18 years	58.00	60.00
Grave used for burial of person over 18	594.00	616.50

Product/Service	2013/14 Charge	2014/15 Proposed Charge
years		
Grave used for burial of Cremated Remains	206.00	214.00
50 Year Term		
Grave used for burial of child up to 18 years	80.00	83.00
Grave used for burial of person over 18 years	990.00	1027.50
Grave used for burial of Cremated Remains	340.00	353.00
WOODLAND BURIAL		
30 Year Term		
Adult Grave for two burials	466.00	484.00
Adult Grave for one burial	233.00	242.00
Grave for Cremated Remains	233.00	242.00
50 Year Term		
Adult Grave for two burials	774.00	803.50
Adult Grave for one burial	387.00	402.00
Grave for Cremated Remains	387.00	402.00
Recycled Graves		
Adult burial only	577.00	599.00
Erection of Memorial etc		
Placing a Headstone/Monument to cover **one** grave space	152.00	158.00
Placing a Headstone/Monument to cover **two** grave spaces	304.00	315.50
Placing a Headstone/Monument to cover **three** grave spaces	456.00	473.50
Placing an additional inscription or memorial vase	59.00	61.00
Replacement of existing Headstone	73.00	76.00

Product/Service	2013/14 Charge	2014/15 Proposed Charge
USE OF BURIAL CHAPELS - VAT NOT INCLUDED		
Richardson Street	115.00	115.00
Stanwix	95.00	115.00
MISCELLANEOUS - VAT NOT INCLUDED		
Transfer of Grave Rights/Statutory Declaration	28.00	35.00
Re turf graves *(at management discretion)*	23.00	25.00
Search Records (with date supplied)	FOC	FOC
Search Records (no date/vague date supplied)	21.00	22.00
Seat Maintenance	51.00	75.00
MEMORIALISATION FEES – VAT INCLUDED		
Book of Remembrance		
2 line entry	61.00	63.00
5 line entry	118.00	122.50
5 line entry + Flower Emblem or Badge	168.00	174.50
8 line entry	132.00	137.00
8 line entry + Flower Emblem or Badge	194.00	201.00
Remembrance Cards		
2 line entry	40.00	41.50
5 line entry	67.00	69.50
5 line entry + Flower, Emblem or Badge	123.00	128.00
8 line entry	84.00	87.00
8 line entry + Flower, Emblem or Badge	140.00	145.00
Baby Book of Remembrance		
Per line	8.50	9.00
Motifs	62.00	64.00

Product/Service	2013/14 Charge	2014/15 Proposed Charge
Granite Plaques		
2 lines inscribed	378.00	392.00
3 lines inscribed	423.00	439.00
4/5 lines inscribed	499.00	518.00
Each reserved line inscribed	77.00	80.00
Bronze Plaques		
2 up to 4 lines inscribed	280.00	290.50
Replacement Bronze Plaque	109.00	113.00
Sheepfold Plaque	338.00	351.00
Teak Seats (inc. 5 years maintenance)		
Teak Seat	1081.00	1050.00
Recording of Cremation Service	41.00	50.00
Heather Garden Memorials		
Sanctum 2000	931.00	966.00
Extra letters/figures	5.20	5.50
Replacement Plaque	240.00	249.00
Memorial Vase and Tablet	499.00	518.00
Replacement Plaque	231.00	240.00
New Sanctum 12's	590.00	612.50
Extra letters/figures	5.20	5.50
Flower Vase holder	22.00	23.00
Replacement Plaque	240.00	249.00
New Octagon Planter Plaques	473.00	250.00
Replacement Plaque	97.00	100.50
Mushroom Plaques	227.00	235.50

APPENDIX C

CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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

1. **Objectives of Charge - Set out the principal objective(s) of setting the charge:**
    - Recover cost of service provision
    - Generate Surplus Income (where permitted)
    - Maintain existing service provision
    - Fund service improvements or introduction of new service(s);
    - Manage demand for service(s)
    - Promote access to services for low-income households;
    - Promote equity or fairness;
    - Achieve wider strategic policy objectives (eg encouraging green policies).

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

- Central Government policy objectives

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

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

4. Trading

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

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

5. Value For Money

- Has charging been used as a tool for achieving strategic policy objectives?
- Has the optimum use of the power to charge been used?

- Has the impact of charging on user groups been monitored?

Has charging secured improvements in value for money?

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Report to Executive	Agenda Item: A.1(b)(ii)

Meeting Date:	18 November 2013
Portfolio:	Communities and Housing
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	REVIEW OF CHARGES 2014/15
Report of:	Director of Economic Development
Report Number:	CD 53/13

Purpose / Summary:

This report sets out the charges for the Hostel services and Disabled Facilities Grants (DFG's) falling within the responsibility of the Community Engagement Directorate.

Recommendations:

The Executive is asked to agree the increase in charges as set out in the report with effect from 1st April 2014 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**ROSP 28/11/13, COSP 19/11/13, EEOSP 21/11/13**
Council:	

1. BACKGROUND

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

1.2 Executive approved the current Hostel Services charges on 17/12/1219/12/11 with an implementation date of 1st January 2013 (CD53/12). The report highlighted the rationale which reflects the actual costs of the service delivery in line with the Council's Corporate Charging Policy. It was agreed that the rent rationale would be reviewed annually to reflect the actual costs of the services.

1.3 Fees for DFG's were raised to 12.5% from 10% last year. The fee income from the expenditure is projected this year and in future years to not reach the target in the Medium Term Financial Plan. This is a recurring problem that has arisen for a number of reasons. There is a need to adjust the fee income for 2014/15 to a more realistic target.

2. CORPORATE CHARGING POLICY 2014/15 TO 2018/19

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 2 September 2013 and Full Council on 10 September 2013 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 services(s)
- Manage demand for service(s)
- Promote access to services for low-income households
- Promote equity or fairness
- Achieve wider strategic policy objectives (e.g. encouraging Green Policies)

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

3. HOSTEL SERVICES

3.1 The City Council has a statutory responsibility under part 7 of the Housing Act, 1996, as amended to provide temporary accommodation to people who are vulnerable under the act and are homeless or at risk of homelessness within 28 days. The authorities approach to service provision is based on a pathways model of assessment, providing a 24/7 service of temporary accommodation, out of hours emergency homeless response and resettlement and move on services for single men at John Street and for Women and families, newly commissioned , flexible , wheel chair accessible accommodation at Water Street.

3.2 Eligible rent levels under the Housing Benefit Regulations are based on a five tier charging structure that reflects usage and is in line with the corporate charging policy.

3.3 It is proposed to increase hostel charges by 3.8%, in line with the figure used by the Council for determining revisions to income. Revisions to the charges will also require discussion and approval from the Revenues and Benefits Service.

Pending Executive approval for the revised rent charges, it is prudent to flag up a projected £30,000 projected deficit on the proposed 2014/15 revenue budget for the hostels. There will be a review of hostel expenditure to bridge the shortfall and ensure that expenditure is in line with budget.

3.4 2014/15 PROPOSED HOSTEL CHARGES (from 1st April 2014)

PROJECT		Proposed Charge from 1 April 2014	Current charge
WATER STREET FAMILY RATE		£	£
	Total Charge	£295.14	£284.34
	Personal Charge	£18.59	
WATER STREET SINGLE RATE			
	Total Charge	£253.29	£244.02
	Personal Charge	£15.31	
JOHN STREET			
28 Units	Total Charge	£289.84	£ 279.23
28 Units	Personal Charge	£13.15	
HOMESHARES FAMILY RATE			
7 Units	Total Charge	£321.22	£309.47
7 Units	Personal Charge	£ 19.10	
HOMESHARES SINGLE RATE			
4 Units	Total Charge	£294.41	£ 283.64
4 Units	Personal Charge	£ 13.94	

4. DFG FEES

4.1 Carlisle City Council currently charges fees for its core Disabled Facilities Grant (DFG) service to meet the revenue costs of delivering the service. These fees were raised last year to 12.5% from 10%; fees for extensions being set at 15%.

4.2 DFGs are mandatory grants that are made to adapt the homes of older and disabled people. Carlisle is also currently establishing additional services under the HIA to help, particularly, older people remain independent at home for as long as possible. This is a key aim for both Health and Social Care. We are working closely with our partners to ensure that the right services and support are in place.

4.3 The effect of taking a charge is to convert what is a capital grant to revenue. There is a need to review the MTFP for DFGs to reflect the income accurately as part of a review in 2013/14. As in previous years, the MTFP target for fees has not accurately reflected the actual income. This is a recurring problem that has arisen for a number of reasons. The Council did go through a period where the income generated on L.A. fees was greater this was due to the fact that the Council used funding from the Regional Housing grant to increase the capital DFG funding and also to provide Renovation and Minor Work grants, contributions were also received from Riverside . The Regional Housing grant is no longer available and Riverside are carrying out all but the largest Disabled Facility works on their properties rather than paying a contribution to the Council. There was an expectation that this additional funding would permanent so the budgeted income was steadily increased on a recurring basis and used to fund staff posts and other expenditure. This expectation has now been proved incorrect causing an ongoing issue.

5. PROPOSED FEE INCOME TARGET

5.1 The DFG grant and the Council's contribution are set out for 2013/14 as follows:

	£'s
Government Grant	667,717
Council's Contribution	200,000
Total Available	867,717
Fees at 12.5%	96,413
Work	771,304
	867,717
Budgeted Income	123,800
Maximum Income Achievable	96,413

Shortfall/Budget over stated by	**27,387**

It is expected that the DFG Budget for 2014/15 will remain the same so leading to a similar shortfall in that year which will be ongoing.

5.2 Experience shows that due to timing of completion of work etc it is very unlikely that the maximum amount of income will be achieved. It is not possible to remove the posts and other expenditure that was originally funded from the increased budgeted income since these have already been taken as transformational savings.

6. SUMMARY OF INCOME GENERATED

6.1 Hostels and DFGs

The introduction of the hostel charges and DFG fee charges are forecast to generate income of £516,500 and £123,800 which is summarised in the table below:

Service Area	Original Estimate 2013/14 £	MTFP Target 2014/15 £	Projected Estimate 2014/15 £	Difference to MTFP Target £	% (Increase)/ Decrease
Hostel Charges	516,500	516,500	516,500	0	0%
DFG Fees	123,800	123,800	96,400	27,400	22%

7. HOME IMPROVEMENT AGENCY

7.1 Homelife Carlisle, the Home Improvement Agency(HIA), was accredited with Foundations, the National Body for HIAs in July 2012. Since then it has been establishing its workstreams and funding model. Its branding was approved by Executive on 11th February 2013 and that report also asked Executive to note its proposed business model and workstreams.

7.2 A report to Executive on 16th December 2013 will outline the HIA Business Model and seek approval for that model.

7.3 The model places a charge of 12.5% on all works carried out by the agency. This percentage fee is at the same level as that charged for DFG work currently. The amount of income that this will generate in 2014-15 will not meet the costs of the agency. The shortfall is being met by external funding already secured to set up the HIA and other fee income from referrals and grant income . However income generated in 2014-15 will be added to the working capital so there are sufficient monies to cover costs in 2015-16. The model proposed will generate in the preceding financial year sufficient funding for the following year's costs.

7.4 The costs of the HIA and its projected income levels will be set out in the report to Executive for 16 December 2013.

8. CONSULTATION

8.1 Consultation to Date –
This report has been considered by SMT and JMT and their comments have been incorporated into the report.

8.2 Consultation Proposed –
Overview and Scrutiny as part of the budget process.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

9.1 To ensure that the target for DFG fee income more accurately the expected income. To ensure that hostel charges reflect the actual costs of service provision and are in line with the City Council's Corporate Charging Policy.

The Executive approve the charge of 12.5% fee on all applicable works carried out by the HIA.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: **Jane Meek** **Ext: 7190**

Appendices attached to report: **Appendix A – Corporate Charging Policy**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources - The acceptance of the charges highlighted within this report will result in an anticipated level of income of £612,900 against the MTFP target of £640,300. This represents a shortfall of £27,400 against the MTFP target. This shortfall will need to be accommodated within existing base budgets.

APPENDIX A

CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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    - Manage demand for service(s)
    - Promote access to services for low-income households;
    - Promote equity or fairness;
    - Achieve wider strategic policy objectives (eg encouraging green policies).

2. **Other factors influencing decisions on whether and how much to charge**:
    - The Council's historic approach to charging
    - The views of local politicians, service users and taxpayers
    - Other Councils' and service providers approach to charging
    - Levels of central government funding and policy objectives
    - The Council's overall financial position
    - Changes in demand for services
    - Policy on Concessions
    - Availability of powers to charge for discretionary services (eg pre application planning advice)
    - Central Government policy objectives

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

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

4. **Trading**

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

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

5. **Value For Money**

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

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Report to Executive	Agenda Item: **A.1(b)(iii)**

Meeting Date:	18th November 2013
Portfolio:	Economy and Enterprise
Key Decision:	Yes: Recorded in the Notice Ref:KD 30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	CHARGES REVIEW REPORT 2014/15 - ECONOMIC DEVELOPMENT
Report of:	Director of Economic Development
Report Number:	ED 35 13

Purpose / Summary:

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

Recommendations:

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2014, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**ROSP 28/11/13, COSP 19/11/13, EEOSP 21/11/13**
Council:	

1. BACKGROUND

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

1.2 This report proposes the review of charges within the Economic Development Directorate. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy (this is attached at Appendix 2)

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

2. CORPORATE CHARGING POLICY 2014/15 TO 2018/19

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 2 September 2013 and Full Council on 10 September 2013 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

2.2 The MTFP currently assumes an income target for the financial year 2014/15 reflecting an increase of 3.8% on 2013/14 base budgets. A 3.8% increase on this base budget would equate to a target increase of £21,700 for recurring 2014/15 budgets (excluding Building Control which is ring-fenced to recover costs).

2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ECONOMIC DEVELOPMENT AND TOURISM

Tourism and City Centre Management

3.1 **Ticket & retail sales etc.** - The Tourist Information Centre sells tickets for other organisations across the country. There is some discretion on charging (commission) for smaller, local organisations such as local theatre groups, but there is a standard rate for larger/national organisations such as London theatres, etc. It is considered that there is little scope for increasing charges in this area but a wider range of tickets together with other items such as fishing licences continues to be sold to try to maintain income.

3.2 Over the last few years income streams from other activities such as accommodation booking and retail sales have gone down partly because the numbers passing through the TIC have reduced and with more use being made of the internet. Following the refurbishment of the OTH the buying/sales strategy has been revised to stock a higher quality of merchandise with higher margins. In addition other opportunities are being explored for instance Electronic LED message board in the TIC running a variety of "special offer" messages and back of the tills advertising opportunities.

Assembly Rooms

3.3 Charges for use of the Assembly Rooms were increased from £62 to £64 last year, however it is proposed that in 2014/15 they should be increased from £64 to £66.43, an increase of 3.8%. As part of the internal refurbishment of the TIC we are exploring other opportunities to increase income including using the Assembly Rooms as a wedding venue.

Business Development

3.4 **Enterprise Centre**

Following the review of the Enterprise Centre management of the facility is from the Civic Centre and therefore any income received is now solely derived from the rental and service charge of the occupied units. It is proposed to increase the rent and the service charge by 3.8% in line with inflation for 2014/15.

4. PLANNING SERVICES

Development Control Income

4.1 Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application received. Generally, the larger the application, the larger the fee. The City

Council has no control over either the number of applications received or the type of application. The planning fees were increased last year and there are no further increases proposed at the moment.

Building Control

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

<u>Assessment of imposing an administration charge for street naming and numbering</u>

A lean system review exercise has been carried out to look at our street naming and numbering service with a view to introducing charges for some of the work that we carry out for this function. As part of this exercise comparisons were made with Eden District Council and the London Borough of Richmond looking at their charging regimes. The views of the Council's legal department on the legalities of charging were also sought during this process. The view that we have received from legal is that any charges should only be made for re numbering or naming. At the same time we are going to take the opportunity to streamline our procedures taking advantage of modern technologies.

The charging proposals are:

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

5. SUMMARY OF INCOME GENERATED

5.1 The introduction of the charges proposed is forecast to generate income of £595,600 which is summarised in the table below:

Service Area	Original Estimate 2013/14 £	MTFP Target 2014/15 £	Original Estimate 2014/15 £	Difference to MTFP Target £	% (Increase)/ Decrease
Enterprise Centre **Service Charges only**	19,600	20,300	20,300	0	(3.8%)
Assembly Rooms	2,200	2.300	2,300	0	(3.8%)
Planning General	3,300	3,400	3,400	0	(3.8%)
Development Control: Determinations	1,100	1,100	1,100	0	0%
Local Plans	1,900	2,000	2,000	0	(3.8%)
Development Control Fees	545,800	566,500	566,500	0	(3.8%)
Total	**573,900**	**595,600**	**595,600**	**0**	

5.2 The acceptance of the charges highlighted within this report, with the exception of Building Control which is self financing, will result in an anticipated level of income of £595,600 against the MTFP target of £595,600.

6. CONSULTATION

6.1 **Consultation to Date** -

None.

6.2 **Consultation Proposed** -

Overview and 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 2014, noting the impact these will have on income generation as detailed within the report.

8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: **Jane Meek** **Ext: 7190**

Appendices attached to report: **Appendix 1 – Economic Development Charges**
Appendix 2 – Corporate Charging Policy

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources – The acceptance of the charges highlighted within this report will result in an anticipated level of income of £595,600 against the MTFP target of £595,600.

APPENDIX 1

PLANNING SERVICES

Miscellaneous Charges - from 01/04/2011
Charges for Building Control,
Development Control, Local Plans & Conservation

General Charges – All Sections

Fee Description	13/14 Charge £	14/15 Charge £	Implementation 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 £1.16 per copy Colour £1.30 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/12	3.8%
A1 Plans	B&W £1.45 per copy Colour £1.70 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/12	3.8%
A0 Plans	B&W £2.10 per copy Colour £2.60 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/12	3.9%
Supply of documents by fax -per page (in addition To charges for supply)	£1.38 (inc VAT)	£1.43 (inc VAT)	01/04/12	3.8%
Information to outside bodies research/survey information etc	£13.50 initial fee & £13.50 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/12	3.7%

Additional Charges – Building Control

Fee Description	13/14 Charge £	14/15 Charge £	Implementation Date	% Inc
Supply of Radar Keys	3.00	3.00	06/10/08	0%

Additional Charges – Local Plans

Fee Description	13/14 Charge £	14/15 Charge £	Postage £	Implementation Date	% Inc
Tree Preservation Orders (inc. maps)	10p per page (no charge for postage)	10p per page (no charge for postage)	-	08/09/08	0%
High Hedges submission fee	182.50	200.00	-	01/04/12	9.6%
*Adopted Carlisle District Local Plan 2001-16 (2008)	42.50	45.00	4.50	01/04/12	4.7%
Cumbria Wind Energy SPD (Sept 2008)	15.00	15.00	Inc	01/04/09	0%
Cumbria Wind Energy SPD supporting documents (Sept 2008)	7.50	7.50	Inc	01/04/10	0% **
Cumbria Wind Energy SPD and docs – CD (Sept 2008)	10.00	10.00	Inc	01/04/09	0%

Technical Studies					
Fee Description	**13/14 Charge £**	**14/15 Charge £**	**Postage £**	**Implementation Date**	**% Inc**
Strategic Flood Risk Assessment (2011)	43.00	0.00 ***		01/04/12	0%
Biannual Housing Land Availability Assessments - site details (per copy) (Excludes SHLAA)	30.00	31.50		01/04/12	5%
Green Infrastructure Strategy	47.00	0.00***		01/04/12	0%
Carlisle Retail Study 2012	40.00	0.00***		01/04/13	0%

* Price includes the maps

** price increase in line with Cumbria County Council charge (who have joint ownership of document with Carlisle City Council)

*** These items are part of a comprehensive evidence base for the Local Plan. All other documents are free of charge and available on the internet. It therefore appears unreasonable to charge for these documents.

ECONOMIC DEVELOPMENT

CARLISLE ENTERPRISE CENTRE

Charges to Tenants:	Charge 2014 £	Implementation Date	Charge 2013 £	Implementation Date
Total Monthly Service Charge[1]	52.00		50.00	
Total Monthly Service Charge [2nd workspace]	30.82	01/04/14	29.70	01/04/13
Millennium Suite	623 (per annum)		600 (per annum)	

1 The difference in the service charges is if a person has one room (£50.00 this year) or 2 rooms (£50.00 on first room, £29.70 on second room). Phones have not been part of the equation since pre 2004 and are only used in tenant's units as an intercom for visitors to let a tenant know they are there. The Centre is no longer obliged to supply a phone under the charge.

OLD TOWN HALL VISITOR CENTRE

Assembly Room Hire	Charge 2014 £	Implementation Date	Charge 2013 £	Implementation Date
Charges per session as follows:				
Mornings 9.30 – 1.00	66.43	Increase 3.8% 01/04/2014	64.00	01/04/2013
Afternoons 1.30 – 5.00	66.43		64.00	
Mornings & Afternoons 9.30 – 5.00	134.00		129.00	
Evenings 6.30 – 10.00	66.43		64.00	
Afternoons & Evenings 1.30 – 10.00	134.00		129.00	
Each additional hour	25.00		24.00	
Charge for use of - kitchen	25.00		24.00	
N.B. For uses by the following groups and organisations discounts of 50% for Mornings/Afternoons, 37.5% for Evenings and 50% for double sessions including Evenings will be allowed: i. Registered Charities ii. OAP Groups iii. Other community groups e.g. community organisations, unemployed groups, etc.				

APPENDIX 2
CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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

1. **Objectives of Charge - Set out the principal objective(s) of setting the charge:**
   - Recover cost of service provision
   - Generate Surplus Income (where permitted)
   - Maintain existing service provision
   - Fund service improvements or introduction of new service(s);
   - Manage demand for service(s)
   - Promote access to services for low-income households;
   - Promote equity or fairness;
   - Achieve wider strategic policy objectives (eg encouraging green policies);

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

3. **Targeting Concessions - The following target groups should be considered:**
   - Persons over the age of 65
   - Unemployed

- Young persons under the age of 18

- Students in full time higher education

- Community Groups

- Those in receipt of supplementary benefits, tax credits, attendance allowance, disability living allowance and other appropriate groups

4. Trading

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

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

5 Value For Money

- Has charging been used as a tool for achieving strategic policy objectives?

- Has the optimum use of the power to charge been used?

- Has the impact of charging on user groups been monitored?

- Has charging secured improvements in value for money?

- Has charging been used as a tool to reduce increases in Council Tax?

CARLISLE CITY COUNCIL
www.carlisle.gov.uk

Report to Executive	Agenda Item: A.1(b)(iv)

Meeting Date: 18 November 2013
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2014/15 - GOVERNANCE AND RESOURCES
Report of: DIRECTOR OF GOVERNANCE & DIRECTOR OF RESOURCES
Report Number: GD55/13

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

Recommendations:
The Executive is asked to agree the charges as detailed in the report and set out in Appendix A with effect from 1 April 2014 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**ROSP 28/11/13, COSP 19/11/13, EEOSP 21/11/13**
Council:	

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

1. BACKGROUND

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

1.2 This report proposes the review of charges within the Governance Directorate in respect of charges for Electoral Registers, Minute books, room bookings, access to information requests, health and safety advisory services and Local Land Searches; and MOT charges within the Resources Directorate. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.

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

1.4 Attached at Appendix A is an extract from the summary of charges book, which shows the current and proposed level of charge for each of these services.

2. CORPORATE CHARGING POLICY 2014/15 TO 2018/19

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at Appendix D, was approved by the Executive on 2 September 2013 and Full Council on 10 September 2013 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 (eg encouraging green policies);

2.2 The MTFP currently assumes an income target for the financial year 2014/15 reflecting an increase of 3.8% on 2013/14 base budgets. A 3.8% increase on this base budget would equate to a target increase of £6,300 for recurring 2014/15 budgets.

2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ELECTORAL REGISTERS

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

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

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

4.1 The charge for hire of a room in the Civic Centre is currently £96.35 per session; a session comprising morning, afternoon or evening use. An increase of 3.8% to £100 is recommended from 1 April 2014. Based on the level of income achieved in previous years the level of income expected to be generated in 2014/15 is £3,400.

4.2 The charge levied for the sale of Council Minute Books is £18.96 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3.8% to £19.68 from 1 April 2014. The annual income from the sale of Council Minutes is currently negligible.

4.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. Until now this has been done free of charge, however, given the measures we are taking to make efficiency savings it is now felt to be appropriate to recover the Council's costs in providing this service. It should be noted that all of the reports, agenda and other documents which are subject to the new copying charge will also be available free of charge on the Council's website.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.

In order to comply with the regulations it is recommended that the Executive approve charges of 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.

5. LOCAL LAND SEARCHES

5.1 The Local Land Charges Act 1975 ("the 1975 Act") requires registering authorities in England to specify and publicise their own fees for local land charge services (except for personal searches of the local land charges register for which a charge may no longer be levied).

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

5.3 Regulation 8 of the 2008 Regulations provides that:

> ***8.****—(1) Subject to paragraph (2), a local authority may charge a person (including another local authority) in respect of answering enquiries from that person about a property.*
>
> *(2) Any charge made under paragraph (1) may be made at the local authority's discretion but must have regard to the costs to the local authority of answering enquiries about the property.*

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

5.5 The Guidance also suggests that the cost of searches should be calculated having regard to the anticipated demand for the service.

5.6 It is difficult to foresee the number of searches that will be submitted in the next year as this depends entirely on the strength of the housing market. The number of searches carried out per month since April 2004 can be seen at **Appendix B** and for the purposes of setting these charges it is assumed that performance will remain constant.

Anticipated demand based on current performance is set out in the table below, which indicates the number of Standard Searches (which include both a CON 29 and a LLC1) and LLC1s only. Personal searches are **not included** bearing in mind that no fee may now be charged. Members should be aware, however, that personal searches continue to be carried out, at an approximate rate of 1,500 per annum and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies.

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	97%	1,045 (around 60% electronic)
LLC1 only	3%	30
Total	**100%**	**1,073**

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

5.8 Predicted income for 2013/14 was £165,000. Actual income is forecasted to be approximately £151,000. It is clear, therefore, that there will be a shortfall on the predicted income. Income has steadily fallen over recent years and it is believed that while this is partly due to the stagnant housing market, it is also partly due to the authority out pricing itself.

5.9 Members will be cognisant of the competitive market within which the land charges service now operates. Personal search companies are carrying out an increasing number of searches, to the detriment of the in-house service. These companies are able to charge their customers a lower fee than the Council, because the Council is not able to charge the companies for accessing its records. Enquiries have revealed that personal search companies charge their clients approximately half of the Council's fee. While there remain benefits to an actual local authority search, such as accuracy and completeness, this level of undercutting is undoubtedly affecting competitiveness, particularly in straightened economic times.

5.10 The decline in land charges income is of great concern. In an attempt to maintain overall income levels the authority has adopted a policy of increasing charges annually. In view of the present economic climate and the presence of competitors in the market it is recommended that the Council does not increase its fees for 2014/15.

5.11 It is not proposed to increase either the LLC1 or the CON29 element of the fee. Income is not expected to meet the target figure and there is, therefore, a need for a non-recurring budget pressure bid in the sum of £30,000. Income is likely to continue to fall in the years thereafter.

5.12 The proposed fees for 2014/15, therefore, will be (including the 10% discount for those searches submitted on line):

Con 29R	**LLC1**	**Total**
£109 (Standard Enquiry for one parcel of land.) £98.10 (NLIS 10% on-line discount) £17.00 each extra parcel of land.	£22 (whole register) £19.80 (NLIS 10% discount) £3.85 (one part of register) £3.40 (10% discount)	£131 (Standard Enquiry + LLC1) (£117.90 on-line)

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

	CON29R £	**LLC1 £**	**Combined £**
Allerdale	80	10	90
Barrow	52.50	45	97.50
Copeland	85	30	105 *
Eden	65	25	90
SLDC	65	25	89 *

* The combined price charged offers a discount to applicants

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

5.14 The estimated income from the Land Charges service for 2014/15 is forecast to continue to drop to approx £142,000

5.15 The target income in 2013/14 was £165,000. Achieving the Corporate Charging Policy increase of 3.8% together with the estimated search numbers in the Medium Term Financial Plan, therefore, would result in a target income for 2014/15 of £172,000. The above forecast falls short of this figure by £30,000.

5.16 The actual amount of net income, however, will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries. As Members will be aware there are notes of caution being sounded at the moment as regards the future buoyancy of the housing market and it is not possible to predict at this stage how long the current downturn will last.

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

5.18 The proposed charges are set out at Appendix A

5.19 Members are asked to consider and approve which charging structure to adopt for Local Land Charges, noting the impact on income generation

5.20 A budget pressure of £30k was submitted to be considered as part of the 2014/15 budget process. It has been kept at this level as there are a number of unknowns in forecasting the income expectations for 2014/15. This will need to continue to be monitored over the coming months

6. HEALTH AND SAFETY

6.1 The Council does not currently charge for Health and Safety advice provided by the Council's Safety Health and Environment Manager to outside bodies. This may include training sessions and advice on such topics as manual handling. Currently, the SHE Manager only provides such training and advice for the City Council and its shared services partners. It is anticipated that local employers may be interested in attending training sessions, although the Council would need to be selective as it does have responsibility for prosecuting health and safety breaches in certain sectors.

6.2 Additionally, other District Councils may be desirous of assistance with training and a charge could be levied for this.

6.3 There may be an opportunity to provide seminars at the local college and this will be explored.

6.4 Currently, community centres receive free SHE advice and free access to training. Again, it is proposed to levy a charge for this.

6.5 Although this is a new area for charging and demand has not yet been tested, it is anticipated that there will be a demand, and it is proposed to charge £350 for one three hour session (per group of 12) plus expenses if outside Carlisle District.

7. MOT CHARGES

7.1 The Council currently charges for MOT testing and this is set at £45. A charge of £43 is also levied for Taxi Testing. MOT charges are set nationally although there is an upper limit of £54.85. It is proposed that the charge for 2013/14 to remain the same for both MOT's and Taxi testing. Projected income generated from MOT testing is £5,800.

8. SUMMARY OF INCOME GENERATED

8.1 The introduction of the charges proposed is forecast to generate income of £152,600 in 2014/15 which is summarised in the following tables:

Governance Service Area	MTFP Target 2014/15 £	Estimate 2014/15 £	Difference to MTFP target 2014/15 £	% (Increase)/ Decrease
Electoral Registers (para 3)	1,400	1,400	0	0
Room Lettings/Minute Book (para 4)	3,400	3,400	0	0
Land Charges	172,000	142,000	30,000	17.5%
Total	**176,800**	**146,800**	**30,000**	**17.0%**

Resources Service Area	MTFP Target 2014/15 £	Estimate 2014/15 £	Difference to MTFP target 2014/15 £	% (Increase)/ Decrease
MOT Charges	5,800	5,800	0	0
Total	**5,800**	**5,800**	**0**	**0**

9. CONSULTATION

9.1 Consultation to Date -
This report has been considered by SMT and JMT and their comments have been incorporated into the report.

9.2 Consultation Proposed -
Overview and Scrutiny as part of the budget process.

10. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as detailed within the report and set out in Appendix A with effect from 1 April 2014 noting the impact these will have on income generation as detailed within the report.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

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

Appendices attached to report:	**Appendix A – Governance Charges** **Appendix B – Land Charges Data** **Appendix C – Land Charges Budget History** **Appendix D – Corporate Charging Policy**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources - The acceptance of the charges highlighted within this report will result in an anticipated level of income of £152,600 against the MTFP target of £182,600. This represents a shortfall of £30,000 against the MTFP target. This shortfall will need to be accommodated within existing base budgets.

Appendix A

GOVERNANCE

	Actual Charges 2013/14 £	Proposed Charges 2014/15 £
1. **Land Charges – Search Fees (VAT Outside the Scope/Non Business)**		
Registration of a charge in Part II of the Register	60.00	60.00
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	2.10
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	6.30
Inspection of documents filed under Rule 10 in respect of Land	2.10	2.10
Personal search in the whole or in part of the register	22.00	22.00
and in addition, In respect of each parcel of land above one, where under Rule 11(3) the search extends to more than one parcel, subject to a maximum of £13.00	1.00	1.00
Official Search (incl. Issue of official certificate of search):-		
a) in any one part of the register (10% on-line discount = £3.40)	3.85	3.85
b) in the whole of the register (10% on-line discount = £19.80)	22.00	22.00
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	0.80	0.80
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to		

these rules)	1.40	1.40
Copy or extract of any plan or other document filed pursuant to these rules	£various*	£various*

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

Part I – Standard Enquiries

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

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

Part II - Optional Enquiries*

Each printed enquiry – Urban	10.00	10.00
Each printed enquiry – Rural	10.00	10.00
Question Number 22 on the Con29O form (registered common land or town and village green).	13.50	20.00
Each additional enquiry	10.50	10.50

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

	Actual Charges 2013/14	Proposed Charges 2014/15
	£	£
2. **Civic Centre (VAT Exempt)**		
Room Letting - per session	96.35	100.00
3. **Council Minutes (VAT Standard Rate)**		
- Per Booklet	18.96	19.68
4. **Electoral Registers (VAT - Outside/Scope)**		
In Printed Form*	10.00	10.00
Plus per 1,000 entries *	5.00	5.00
Binding of Register	3.65	3.65
In Computer Data Form*	20.00	20.00
Plus per 1,000 entries *	1.50	1.50
Full Printed Register* (limited statutory availability)	410.00	410.00
Full Data Copy* (limited statutory availability)	127.50	127.50
Edited Printed Register* (60,000 entries)	310.00	310.00
Edited Data Copy* (60,000 entries)	110.00	110.00

*These charges are set by Regulation

5. **Health and Safety**		
Training Sessions per three hour session (per group of 12 max)		350.00
Travel Expenses if outside Carlisle District		+

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

APPENDIX B

	2004/05			2005/06			2006/07			2007/08			2008/09		
Month	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**
April	312	21	21	222	12	50	210	12	66	270	0	63	96	2	293
May	283	15	18	224	15	44	244	15	73	280	6	53	78	5	231
June	305	20	32	240	16	49	283	13	67	245	6	57	75	1	182
July	260	29	47	258	14	61	255	12	71	301	3	63	102	3	177
August	227	18	38	252	15	37	270	16	82	302	7	71	51	1	139
September	228	21	40	253	18	56	276	5	64	220	2	77	60	3	176
October	229	23	37	214	22	47	285	9	64	259	10	134	56	9	123
November	218	22	48	247	24	72	256	18	75	224	9	148	41	6	123
December	153	18	25	189	17	51	171	5	39	108	11	63	44	0	53
January	113	18	5	178	5	39	180	5	54	106	58	134	37	2	68
February	191	35	0	204	8	39	242	9	55	93	30	216	55	3	145
March	223	33	0	300	23	55	287	12	63	89	8	243	76	5	170
Total	**2742**	**273**	**311**	**2781**	**189**	**600**	**2959**	**131**	**773**	**2497**	**150**	**1322**	**504**	**21**	**1287**

(cont ...)

	2009/10			2010/11			2011/12			2012/13			2013/14		
Month	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**	**Standard Search**	**LLC1 only**	**Personal Search**
April	54	4	150	68	21	181	80	5	0[2]	93	4	0[2]	74	2	0[2]
May	66	4	181	80	27	128	93	2	0[2]	108	1	0[2]	115	2	0[2]
June	50	6	162	92	7	41	116	3	0[2]	87	1	0[2]	78	2	0[2]
July	66	8	179	104	0	28	100	2	0[2]	99	4	0[2]	136	1	0[2]
August	47	7	177	93	1	0[2]	86	0	0[2]	108	3	0[2]	81	3	0[2]
September	71	10	166	112	3	0[2]	91	2	0[2]	82	1	0[2]	88	4	0[2]
October	65	2	180	110	2	0[2]	83	0	0[2]	95	4	0[2]	26	0[1]	0[2]
November	61	3	128	110	2	0[2]	74	1	0[2]	93	1	0[2]			
December	46	4	90	91	1	0[2]	76	0	0[2]	52	2	0[2]			
January	38	5	82	71	2	0[2]	94	0	0[2]	76	6	0[2]			
February	61	13	142	69	3	0[2]	107	2	0[2]	84	2	0[2]			
March	74	31	168	93	0	0[2]	94	2	0[2]	96	2	0[2]			
Total	**699**	**97**	**1805**	**1093**	**69**	**378[2]**	**1094**	**19**	**0[2]**	**1073**	**31**	**0[2]**	**598**	**14**	**0[2]**

[1] FIGURES SHOWN ARE UP TO 08.10.13

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

APPENDIX C

Period	Net Income	Original Budget
2010/11	£157,219	£129,600
2011/12*	£151,010	£142,200
2012/13**	£156,026	£150,000
2013/14***	£151,000 est.(£81,757 to date)	£165,000 (£82,884 to date)

* The budget for 2011/12 was reduced by a recurring budget pressure of £251,300 as part of the 2011/12 budget process but later revised up by £29,500 as part of the Potential Year end Report RD84/11
** The base budget for 2012/13 was increased by a recurring £33,000 as part of the 2012/13 budget process. Net Income figure for 2012/13 is based on 6mths actual and 6mths estimated.
*** An additional recurring £10,000 was added to the base budget as part of the 2013/14 budget process

APPENDIX D
CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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

1. **Objectives of Charge - Set out the principal objective(s) of setting the charge:**
    - Recover cost of service provision
    - Generate Surplus Income (where permitted)
    - Maintain existing service provision
    - Fund service improvements or introduction of new service(s);
    - Manage demand for service(s)
    - Promote access to services for low-income households;
    - Promote equity or fairness;
    - Achieve wider strategic policy objectives (eg encouraging green policies);

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

3. **Targeting Concessions - The following target groups should be considered:**
    - Persons over the age of 65

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

4. Trading

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

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

5 Value For Money

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

Report to Executive	Agenda Item: A.1(b)(v)

Meeting Date:	18 November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	No
Within Policy and Budget Framework	NO
Public / Private	Public

Title:	REVIEW OF CHARGES 2014/15 - LICENSING
Report of:	Director of Governance
Report Number:	GD 50/13

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 48/13.

Recommendations:

The Executive is asked to note the charges that will be submitted for consideration by the Regulatory Panel on 20 November 2013. In addition the Executive is asked to consider and determine the appropriate fees under the Scrap Metal Dealers Act 2013, as outlined at para. 4.7 and Appendix 'A'(C).

Tracking

Executive:	**18 November 2013, 16 December 2013**
Regulatory Panel:	**20 November 2013**
Overview and Scrutiny:	**ROSP 28/11/13, COSP 19/11/13, EEOSP 21/11/13**
Council:	

Report to Regulatory Panel	Agenda Item:

Meeting Date: 20 November 2013
Portfolio: Finance, Governance and Resources
Key Decision: Not Applicable
Within Policy and Budget Framework: NO
Public / Private: Public

Title: REVIEW OF CHARGES 2014/15 - LICENSING
Report of: Director of Governance
Report Number: GD 48/13

Purpose / Summary:

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

Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices ‘A’ and ‘B’ with effect from 1st February 2014, with the exception of the Scrap Metal Act fees which will be determined by the Executive.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

CITY OF CARLISLE

To: The Members of the Regulatory Panel on 20 November 2013

REVIEW OF CHARGES 2014/15
GOVERNANCE DIRECTORATE - LICENSING

1. BACKGROUND

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

1.2 This report proposes the review of charges within the Governance Directorate in respect of Licensing Charges. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.

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

1.4 Attached at **Appendix A & B** is an extract from the summary of charges book, which shows the current and proposed level of charge for each of these services.

2. CORPORATE CHARGING POLICY 2014

2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 2 September 2013 and Full Council on 10 September 2013, 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. Licence fees cannot include an element of enforcement against unlicensed operators. The case of Hemming v Westminster City Council 2013 confirms this (See Para. 3).

2.3 It is Council policy to maximise charges to maintain full cost recovery wherever possible, and this should be the case when setting charges. In the case of licensing we are currently operating at an income level that is achieving full cost recovery.

2.4 Recognition should be made of the risk that licensing income levels can be subject to market forces outwith the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function..

2.5 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups.

3. HEMMING v WESTMINSTER CITY COUNCIL 2013

3.1 This case impacts on the costs that councils can recover through locally set licence fees and processes councils have in place to ensure fee setting is transparent and open to scrutiny. The original Administrative Court ruling was given in May 2012, but this was subject to appeal and it is the Court of Appeal judgement made on 24 May 2013 that has been established as the leading law on what costs can be taken into account when setting local licensing fees.

3.2 The key issue addressed was whether the licence fees set by Westminster City Council in respect of a particular type of licence, complied with the requirements of the European Services Directive 2009. The Services Directive makes it clear that licence fees covered by the Directive can only be used to recover costs as part of the authorisation process and should not be used to make a profit or deter service providers from entering the market.

3.3 The Court of Appeal specifically considered whether the cost of investigating and prosecuting those who operate without a licence, can be recovered through the licence fee paid by those operating legitimately. The court upheld the earlier decision of the Administrative Court, ruling that the fees set must not exceed the costs of administering the process. As such, the council was no longer able to include the cost of enforcement against unlicensed operators when setting the licence fee.

3.4 Whilst this particular judgement was made with regard to one particular type of licence, it is accepted that the ruling would apply to all licensing functions covered by the Services Directive.

4. LICENCES

4.1 Introduction

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

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

The licensing budget has been directly affected by the Council’s responsibilities under the Licensing Act 2003. The Government has identified that the administration of the legislation will be self funded through the scale of charges, which have been set nationally. There remains the potential for the administration to require financial support from the Council should the nationally set fees fail to meet the operating costs of the licensing service. The Government set up an Independent Fees Review Panel in 2006, to enquire into the new fee structure to establish if it is sufficiently robust to provide the level of income required to administer the licensing function. The result of this review has been published and the result appears to be the Police Reform and Social Responsibility Act 2011, section 121, which amends the Licensing Act 2003 to give Local Authorities the power to set fees under the Act. This amendment will, however, be brought in by regulations which have yet to be published.

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

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

The case of Hemming v Westminster City Council at para. 3 was based around Sex Establishment licensing. The majority of Council's (including Carlisle) included an element of enforcement in the licence fee. In our case we have had two Crown Court cases in recent years in connection with unlicensed sex establishments. We included a considerable element of enforcement costs in the Sex Establishment fee to cover this eventuality in the future. The case of case of Hemming clearly prevents this and we must adjust our fee to cover the administration and compliance in connection with the issue of the licence only.

A review of the remaining charges (excluding Licensing Act 2003, Gambling Act 2005 and Sex Establishments) has identified that an increase of approximately 3.8% is required in 2014/15 to keep pace with inflationary costs. This will not compromise the Council's position as a fair charging authority and should achieve full cost recovery.

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

4.2 Licensing Act 2003

4.2.1 Premises Licences & Club Premises Certificates

The total number of premises and club certificates currently licensed is 505 (509-2012/13). This will always fluctuate each year and applications for variations will continue. We are now in a position to predict with a fair degree of accuracy what the income will be in 2014/15. Educational, church and community premises that apply for an entertainment only premises licence are exempt from the licence fee and we currently license 22 such premises.

The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. The number of licences issued appears to have reached a plateau. There is no change in the fee structure, although an Independent Licensing Fees Review Panel has reported on this and we are waiting for the Government to publish legislation. Based upon the current number of licences issued, it is estimated that there will be an income of £102,000 in 2014/15, as set out in the fee bands at Appendix A.

4.2.2 Personal Licences

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

We currently have a total of 1375 personal licences issued (1274 – 2012/13). The personal licence lasts for 10 years and the one off fee of £37 is determined by central government.

Based upon the current numbers of applications, it is estimated that there will be approximately 110 such applications per year. This will generate an estimated income of £4,000 in 2014/15.

4.3 Vehicle and Driving Licences

4.3.1 Hackney Carriages

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

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

Traditionally this Council has charged a lower fee for wheelchair accessible vehicles to encourage proprietors to purchase this type of vehicle. This is no longer necessary due to the decision of 1st August 2007. It was agreed in the 2009/10 budget process that we gradually bring the two fees closer together over the next few years. I would propose an increase of 2.8% to the charge for non wheelchair vehicles and the charge for wheelchair accessible vehicles be increased by 4.5% this year. This increase would maintain the current level of income and will be repeated in future years to bring the two fees more into line.

The fees for drivers and vehicles, which aim to generate income of £79,100 in 2014/15, are set out in Appendix A.

4.3.2 Private Hire Vehicles

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

The fees for drivers, vehicles and operators, which aim to generate income of £18,600 in 2014/15, are set out in Appendix A.

4.4 Sex Establishment

The City Council has issued two sex establishment licences. A reduced fee structure was introduced in 2009/10 as a result of a national campaign by the trade and the recognition that the licence fee had risen dramatically since first being set in 1990. The fee for this licence was the subject of the Court of Appeal case Hemming V Westminster reported earlier in this report. Our previous fee included a considerable percentage for enforcing unlicensed operators, therefore as a result of the case, we can no longer include this element. The suggested charge aims to generate income of £3,800 in 2014/15, as set out in Appendix A.

4.5 Auctioneers

We only have one premise which requires auctioneers to be licensed and the number of applications has reduced in recent years. The suggested charge aims to generate income of £600 in 2014/15, as set out in Appendix A.

4.6 Pleasure Boats & Boatmen

The number of pleasure boats and boatmen has reduced in recent years with a consequent fall in income. The suggested charge aims to generate income of £400 in 2014/15, as set out in Appendix A.

4.7 Scrap Metal Dealers

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

The current fee was set by the Executive in September 2013, however since then the Government have published fee regulations which give us more information on what can be included in the fee. In light of this the fees have been reviewed and the proposed charges are outlined in the appendix.

The suggested charge aims to generate income of £300 in 2014/15, as set out in Appendix A.

4.8 Gambling Act 2005

Lottery Licences

The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the current level is expected to be maintained. The current fee should generate approximately £4,700 in 2014/15, is set out in Appendix A.

Gambling Premises and Machine Permits
The fee bands are set by central government and the Licensing Committee set their own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4th April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.

At the current level of fees, an estimated income of £17,000 will be received during 2014/15, which is set out in Appendix B.

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

The fees for a street trading permit, which aims to generate income of £3,000 in 2014/15, are set out in Appendix A.

4.10 Riding Establishments
The number of riding establishments has decreased in recent years.

The revised fees for these establishments, which aim to generate income of £500 in 2014/15, are set out in Appendix A.

5 SUMMARY OF INCOME GENERATED

5.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £234,000 in 2014/15 which is summarised in the table below:

Service Area	**Revised Budget 2013/14 £**	**MTFP 2014/15**	**Estimate 2014/15 £**	**Change**	
Licensing Act 2003 - Premises	102,000	102,000	102,000	0	*
Licensing Act 2003 - Personal	4,000	4,000	4,000	0	*
Hackney Carriage	76,200	76,200	79,100	2,900	
Private Hire	17,900	17,900	18,600	700	
Sex Establishment	6,300	6,300	3,800	(2,500)	**
Auctioneers	600	600	600	0	
Pleasure Boats	400	400	400	0	
Scrap Metal *(New)*	0	0	300	300	
Gambling Act 2005 - Lotteries	4,700	4,700	4,700	0	*
Gambling Act 2005 – Premises and Gaming Machines	17,000	17,000	17,000	0	*
Street Trading	2,900	2,900	3,000	100	
Riding Establishments	400	400	500	100	
Total	**232,400**	**232,400**	**234,000**	**1,600**	

*** Fixed fees**

**** Reduction as described in para. 4.4**

6 CONSULTATION

6.1 Consultation to Date -
None

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

7 RECOMMENDATIONS

The Regulatory Panel is asked to agree the charges as set out in Appendices ‘A’ and ‘B’ with effect from 1st February 2014, with the exception of the Scrap Metal Act fees which will be determined by the Executive.

8 REASONS FOR RECOMMENDATIONS

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

Contact Officer:	**Jim Messenger**	**Ext:**	**7025**
Appendices attached to report:	**None**		

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – N/A

Community Engagement – N/A

Economic Development – N/A

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

Local Environment – N/A

Resources – The introduction of the charges suggested above is forecast to produce the receipts outlined in table 4.1 in a full year of £234,000 (although there is no guarantee that all licences will be renewed in 2014/15). This will generate an additional £1,600 income against the MTFP target of £232,400.

There is however no increase proposed through the 2014/15 budget process in the level of income expected from licensing. This is due to the majority of the sources of income being subject to fees that are set nationally and therefore not under the Council's control to increase. Nationally, fees under the Licensing Act 2003 have been subject to review by an Independent Licensing Fees Review Panel. The Police Reform and Social Responsibility Act 2011 section 121 amends the Licensing Act 2003, to give Local Authorities the power to set fees under the Act. This amendment will, however, be brought in by regulations which have yet to be published.

Prepared by:
J A Messenger
Licensing Manager

Appendix 'A'

LICENSING

		Current charge £	Suggested Charge from 1/2/2014 £	Implementation Date
1 (A) **Licences - Licensing Act 2003**				
Premises + (Based on non-domestic RV)				
Band A		70.00	70.00	24.11.05
Band B		180.00	180.00	24.11.05
Band C		295.00	295.00	24.11.05
Band D		320.00	320.00	24.11.05
Band E		350.00	350.00	24.11.05
Personal +				
Personal Licence		37.00	37.00	24.11.05

+ These Charges are currently set by the Home Office

(B) **Licences - Public Transport**

Vehicles

Hackney Carriages

Hackney Carriage:	New	212.00	218.00	1.02.14
	Renewal	180.00	185.00	1.02.14
Hackney Carriage (whchair):	New	173.00	185.00	1.02.14
	Renewal	140.00	150.00	1.02.14
Hackney Carriage:				
*Driver	New	82.00	85.00	1.02.14
	Renewal	62.00	64.00	1.02.14
#Test Fee		48.00	48.00	1.02.13
#Re-test Fee		35.00	35.00	1.02.01
Certificate of Compliance		8.00	8.00	1.02.11
Plate Deposit		25.00	25.00	1.02.05
Transfer of Licence		20.00	25.00	1.02.14
Duplicate Items		10.00	10.50	1.02.14
New Identity Card		10.00	10.50	1.02.14
New Licence Plate		12.00	12.00	1.02.12

Private Hire Vehicles

Private Hire Vehicle:	New	172.00	178.00	1.02.14
	Renewal	141.00	146.00	1.02.14
*Private Hire Vehicle Driver:	New	82.00	85.00	1.02.14
	Renewal	62.00	64.00	1.02.14
Private Hire Operators:				
1-5 vehicles		125.00	130.00	1.02.14
6-10 vehicles		188.00	195.00	1.02.14
11-20 vehicles		348.00	360.00	1.02.14
21-30 vehicles		400.00	415.00	1.02.14
Private Hire Vehicle:				
#Test Fee		48.00	48.00	1.02.13
#Re-test Fee		35.00	35.00	1.02.01
Certificate of Compliance		8.00	8.00	1.02.11
Plate Deposit		25.00	25.00	1.02.05
Transfer of Licence		20.00	25.00	1.02.14
Duplicate Items		10.00	10.50	1.02.14
New Identity Card		10.00	10.50	1.02.14
New Licence Plate		12.00	12.00	1.02.12

*Inclusive of identity card
Subject to increases in fees from Resources (Facilities) being passed on.

(C) **Licences - Miscellaneous**
(VAT Outside the Scope)

Auctioneers		38.00	40.00	1.02.14
Riding Establishments (plus Vets Fee)		90.00	94.00	1.02.14
Sex Establishments	New	6639.00	2500.00	1.02.14
	Renewal		1900.00	1.02.14
	Variation		250.00	1.02.14
	Transfer	1,000.00	125.00	1.02.14
Street Traders		93.00	97.00	1.02.14
Street Traders (Occasional)		30.00	30.00	1.02.07
Plate Deposit		25.00	25.00	1.02.05
New Permit Plate		10.00	12.00	1.02.14
Scrap Metal Dealers (New 2013)				
Collector:	New	140.00	240.00	18.11.13
	Renewal	140.00	240.00	18.11.13
	Vary name/address		30.00	18.11.13
Site:	New	280.00	400.00	18.11.13
	Renewal	280.00	400.00	18.11.13
	Vary name		30.00	18.11.13
	Vary Site Manager		50.00	18.11.13
	Vary Site/Collector or add site		100.00	18.11.13
Boats		40.00	42.00	1.02.14
Boatman		13.00	20.00	1.02.14
Miscellaneous duplicate items		10.00	10.50	1.02.14

(D) **Licences - Gambling Act 2005**
Premises
(Based on fee bands set by DCMS and determined by Licensing Committee)

See Appendix 'B' for Gambling Premises fees

APPENDIX 'B'

Gambling Act 2005 Premises Licence Fee Structure

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

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

Approved 4th April 2007

CARLISLE CITY COUNCIL
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Report to Executive	Agenda Item: A.1(c)

Meeting Date: 18 November 2013
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework: YES
Public / Private: Public

Title: BUDGET 2014/15 TO 2018/19
SUMMARY OF NEW REVENUE SPENDING PRESSURES
Report of: DIRECTOR OF RESOURCES
Report Number: RD53/13

Purpose / Summary:

The report summarises the new revenue spending pressures and reduced income projections which will need to be considered as part of the 2014/15 budget process. The issues are to be considered in the light of the Council's corporate priorities

Recommendations:

The Executive is asked to give initial consideration to the pressures contained within this report, for recommendation and forwarding to the relevant Overview and Scrutiny Panels as part of the budget consultation process.

Tracking

Executive:	**18 November 2013**
Overview and Scrutiny:	**ROSP 28/11/13;** **EEOSP 21/11/13;** **COSP 19/11/13**
Council:	

1. BACKGROUND INFORMATION AND OPTIONS

1.1 As part of the budget process for 2014/15, the Executive is asked to consider revenue spending pressures that have emerged as part of the current year budget process. The issues are to be considered in the light of the Council's corporate priorities.

1.2 This report considers proposals for revenue spending only. The capital proposals are contained in the capital report elsewhere on the agenda (RD50/13).

1.2 At this stage, the Executive (and Overview and Scrutiny) are requested to give their initial views on whether the bids are to be supported in principle and whether, subject to available funding, whether they should be progressed any further. The requests cannot be considered in isolation and need to be viewed alongside the current forecast budget position as set out below,

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring annual revenue deficit / (surplus) MTFP	(602)	(868)	47	840	1,451
Non-Recurring Revenue deficit / (Surplus) MTFP	179	0	0	0	0
Total	**(423)**	**(868)**	**47**	**840**	**1,451**

1.4 The savings and additional income proposals considered in RD54/13 should also be taken into account.

1.3 It is clear at this early stage that all of the pressures could not be accommodated (paragraph 4.2) within existing resources (including use of reserves) and decisions will need to be made throughout the budget process to limit pressures to high priority and unavoidable issues to ensure that a balanced budget position is recommended to Council in February 2014.

2. SUMMARY OF NEW PRESSURES

2.1 In the light of the current forecast deficits, proposals for new spending have been kept to the minimum. The pressures in the table below are regarded as unavoidable or are the highest priority in meeting the Council's corporate objectives.

Issue Description	Para	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring Revenue Pressures						
Treasury Management	3.2	1,020	1,364	1,220	1,437	1,592
Asset Review Income	3.3	342	430	785	785	785
Pension Fund Revaluation	3.4	?	?	?	?	?
Pensions Auto enrolment	3.5	127	127	127	127	127
RSG Reductions	3.6	0	250	250	250	250
Additional National Insurance Costs	3.7	0	0	250	250	250
New Homes Bonus 2012/13	3.8	0	0	0	0	408
Sub Total Recurring Revenue Pressures		**1,489**	**2,171**	**2,632**	**2,849**	**3,412**
Non Recurring						
Apprentice Scheme	3.9	32	56	0	0	0
Car Parking income shortfall	3.10	170	0	0	0	0
New Water Charges	3.11	30	0	0	0	0
New Homes Refuse & Recycling Scheme	3.12	58	0	0	0	0
Plastic & Card Recycling Income shortfall	3.13	67	0	0	0	0
Rapid Response Team	3.14	87	0	0	0	0
Green Box recycling income shortfall	3.15	53	0	0	0	0
Events	3.16	130	0	0	0	0
Development Control Income shortfall	3.17	45	0	0	0	0
Enterprise Centre Rentals shortfall	3.18	40	0	0	0	0
Local Plan Inquiry	3.19	175	0	0	0	0
Continuation of Temporary posts ending	3.20	38	0	0	0	0
Bring Sites Recycling Income shortfall	3.21	64	0	0	0	0
Sub Total Non Recurring Pressures		**989**	**56**	**0**	**0**	**0**

3. REVENUE BUDGET PRESSURES

3.1 The following paragraphs provide information about the pressures shown in the table above in the table.

3.2 <u>Treasury Management</u>

Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. As interest rates are not forecast to rise in the medium term, revisions have been made to the interest achievable and average cash balances have been amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves. Consideration has also been given to the profiling of new capital receipts expected and the impact this will have on cash balances and the capital programme. The overall impact of this is shown as the pressure above.

3.3 Asset review Income

The Asset business plan is included in the Medium Term Financial Plan and assumes a level of sales and purchases per year that will lead to loss of current income streams and generation of new income. Due to sales and new purchases not occurring in line with this plan, and the use of receipts to support the capital programme (RD50/13), re-profiling of current budgets have been carried out and the adjustments required are shown here.

3.4 Pension Fund Revaluation

The next valuation of the Pension Fund is due in December 2013 and the effect will take place from April 2014. At this point early indications are that there will be an increase required to the contribution rate the Council makes in order to make up any potential deficits. However, estimates of this pressure will not be notified to the Council until 18 November. It is hoped that any potential increase in costs can be mitigated by increasing the recovery period over which the deficit is repaid.

3.5 Pension Auto-enrolment

Due to new legislation changes regarding pension funds, all employees are now required to be automatically enrolled in a pension scheme provided by the employer. The emphasis is then on the employee to choose to opt out of the pension. This is therefore the additional cost of providing employers pension contributions to those staff who would be automatically enrolled.

3.6 RSG Reductions

In the Comprehensive Spending Review earlier in 2013, the Chancellor announced that further austerity measures would be required. This is likely to involve further funding cuts to local government and as such the figures in the table above represent a 10% reduction in Revenue Support Grant from 2015/16.

3.7 Additional National Insurance Costs

The government announced in the Comprehensive Spending Review earlier in 2013, that they would be removing the lower National Insurance rate for individuals who have opted out of the Second State Pension Scheme (SERPS). This change will mean the Council will have to pay National Insurance contributions at the higher rate and this pressure reflects this cost.

3.8 New Homes Bonus 2012/13

New Homes Bonus allocation for 2012/13 drops out from 2018/19.

3.9 Apprentice Scheme

This pressure provides costs to employ four apprentices for 2014 to 2016.

3.10 Car Parking Income Shortfall

The Charges Report (LE30/13) considered elsewhere on this agenda highlights the fact that car parking income is again falling short of budgetary targets. This pressure reflects the anticipated income as highlighted in the Charges Report

3.11 New Water Charges

New charges are being introduced by United Utilities for the Council's open spaces and parks, where the water charges are based on area rather than rateable value. Negotiations are still ongoing with United Utilities to agree the level of charges, however, the pressure identified for 2014/15 is the potential worst case scenario.

3.12 New Homes Refuse and Recycling Service

There is a requirement to provide refuse collection and at least two types of kerbside recycling and with the growing demand on the service due to new housing development, this pressure reflects the additional cost of providing this service.

3.13 Plastic and Card Recycling Income shortfall

The value of recyclates has dropped therefore achieving the current budgeted level of income is not going to be possible.

3.14 Rapid Response Team

This relates to the continuation of the non-recurring Clean Up Carlisle pressure that was agreed as part of the 2012/13 budget process.

3.15 Green Box recycling income shortfall

The value of recyclates has dropped therefore achieving the current budgeted level of income is not going to be possible. This doubled with a reduction in the amount of recyclates presented at the kerbside have resulted in this pressure.

3.16 Events

This pressure will provide additional funding on top of existing budgets to provide the following events; Multicultural Carlisle, Music City, Classical Music event, Pageant, Tour of Britain and Armed Forces Day.

3.17 Development Control Income shortfall

The Charges Report (ED35/13) considered elsewhere on this agenda highlights the fact that income from development control will not meet the MTFP target. This pressure reflects the anticipated income as highlighted in the Charges Report.

3.18 Enterprise Centre Rental Income shortfall

The income achieved from the Enterprise Centre is falling short of the budgetary target and this pressure reflects this shortfall.

3.19 Local Plan Inquiry

This pressure will provide funding to undertake the required inquiries into proposals laid out in the Local Plan.

3.20 Continuation of temporary Posts

There are two posts in Economic Development where there is no funding beyond 2014/15 and this pressure provides funding for these posts to continue.

3.21 Bring Sites Recycling Credit Income shortfall

The value of recyclates has dropped therefore achieving the current budgeted level of credit income from the County Council is not going to be possible. It is anticipated that this pressure can be offset by additional income generated from the sale of recyclates when the bring sites service is brought back in house in April 2014. The additional income is included in report RD54/13 elsewhere on this agenda.

4. BUDGET PRESSURES

4.1 The budget pressures identified above in paragraph 3.9 to 3.21 were those that were supported by SMT and Portfolio Holders and included as non-recurring for 2014/15 only due to the requirement to review the longer term implications of these throughout 2014/15 in conjunction with longer term service reviews. For example:

a. Car parking income shortfalls – further review of charges/usage;
b. Recycling credits – ascertain whether drop in income is short term or long term;
c. Events – investigate possibilities of external funding/sponsorship in the longer term
d. New Water Charges - negotiations being undertaken with United Utilities in attempt to reduce potential new charges

4.2 Whilst the above budget pressures are included on a non-recurring basis, there were some requests put forward that due to them being under £30,000 have not been supported and these requirements will need to be found from existing base budgets in 2014/15. These include:

a. Land Charges Income shortfall (£20,000)
b. Sports Pitch Income shortfall (£3,000)
c. Grass verge maintenance (£18,000)
d. Education and Enforcement succession (£7,000)
e. DFG Income (£29,000)
f. Local Plan Contingency (£10,000)

5. PROJECTED INCOME SHORTFALLS

5.1 The individual Charges review reports are considered in detail elsewhere on the agenda (LE30/13, ED35/13, CD53/13 and GD55/13). These have been prepared in accordance with the principles set out in the Corporate Charging Policy (CCP) i.e. an increase in overall income of 3.8%. However, any deviation from this target has been addressed in the individual charges reports.

5.2 <u>Trading and Charging</u>

Individual charges reports are considered elsewhere on the agenda. Shortfalls in income corporately have been identified within these reports and have been summarised in the table at paragraph 2.1.

6. CONSULTATION

6.1 The Senior Management Team and the Joint Management Team have discussed the proposals.

6.2 Resources, Community and Environment and Economy Overview and Scrutiny Panels will consider the requests at their meetings in November and December, and feedback any comments on the proposals under consideration to the Executive on 9 December, prior to the Executive issuing their draft budget proposals for wider consultation on 16 December.

7. RECOMMENDATIONS

7.1 The Executive is asked to give initial consideration to the proposals contained within this report, for recommendation and forwarding to the relevant Overview and Scrutiny Panels as part of the budget consultation process.

8. 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 (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report.

Report to Executive	Agenda Item: **A.1(d)**

Meeting Date:	18 November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	BUDGET 2014/15 TO 2018/19 SUMMARY OF NEW SAVING PROPOSALS AND ADDITIONAL INCOME
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD54/13

Purpose / Summary:

The report summarises proposals for savings and additional income generation to be considered as part of the 2014/15 budget process.

Recommendations:

The Executive is asked:

(1) To give initial consideration to the proposed reductions to the base budget from 2014/15 onwards, for forwarding to the relevant Overview and Scrutiny Panels as part of the budget consultation process.

(2) To note that SMT will continue to investigate efficiencies and savings in accordance with the Transformational Savings Strategy.

Tracking

Executive:	**18 November 2013**
Overview and Scrutiny:	**ROSP 28/11/13;** **EEOSP 21/11/13;** **COSP 19/11/13**
Council:	

1. BACKGROUND INFORMATION AND OPTIONS

1.1 As part of the budget process for 2014/15, the Executive is asked to consider the savings and additional income generation proposals set out below.

1.2 The Savings Strategy approved by Council on 10 September 2013, focused on the following areas to deliver the savings required to produce a balanced longer term budget:

- Asset Review – this will focus on introducing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.
- Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
- As part of the transformation programme 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 are properly aligned to what the Council wants to achieve.

1.3 The detailed programme of reviews, together with specific targets, is monitored by SMT, the Executive and Overview and Scrutiny. They monitor how well services perform against both the objectives of the review and against the Strategy itself.

1.4 At this stage, the Executive (and Overview and Scrutiny) is asked to give initial consideration to new proposals for further permanent reductions in base expenditure budgets and also increases to income budgets from 2014/15 onwards. The requests need to be considered in the light of the projected budget shortfall contained in report RD51/13 elsewhere on the agenda and also the spending pressures (RD53/13).

2. SAVING PROPOSALS

2.1 The savings review, undertaken by Senior Management Team challenged, prioritised and reviewed current base budgets. The results of the review are summarised in the tables below which set out proposals for new savings over and above those already being progressed.

2.2 The recommendations from the review are summarised in Table 1 below.

Table 1 Summary of savings proposed

Detail	Note	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Savings Proposed						
Pay Award Savings 2014/15 & 2015/16	2.3	(223)	(454)	(466)	(478)	(490)
Inflation Savings	2.4	(200)	(200)	(200)	(200)	(200)
Invest to Save Schemes Completing	2.5	0	0	(35)	(35)	(35)
New Transformation Savings Required (Cumulative)	2.6	(1,000)	(1,000)	(1,000)	(2,100)	(3,100)
Total of Savings		**(1,423)**	**(1,654)**	**(1,701)**	**(2,813)**	**(3,825)**
Total Recurring		**(423)**	**(1,654)**	**(1,701)**	**(2,813)**	**(3,825)**
Total Non-Recurring		**(1,000)**	**0**	**0**	**0**	**0**

2.3 Pay Award Savings 2014/15 & 2015/16

The 2014/15 and 2015/16 budgets include provision for a pay award at 2.5%. Announcements by the government have indicated that a continuation of the 1% pay award cap will continue in these years, therefore a saving can be released.

2.4 Inflation Savings

As part of the balancing of the MTFP, inflation has been provided on all base budgets at an appropriate rate. The cash amount included in the MTFP has not been adjusted for the reductions in the base budget over the past few years where savings have been made. Therefore, the element of this inflation that is not required can be taken as a saving.

2.5 Invest to Save schemes completing

The invest to save scheme for the replacement of network printers and mechanical sweepers will have repaid the capital investment by 2016/17, so the savings made by these schemes can be released as a revenue saving.

2.6 New Transformation Savings Required

The required transformation savings shown will ensure that the minimum levels of reserves (£2.6m) are maintained in 2018/19. The savings required are based upon the assumptions for pressures identified in RD53/13 and this report. The profiling of these savings together with the savings requirement already included within the MTFP are shown in the table below:

	Savings identifed as part of 2013/14 Budget £000	Additional Cumulative Savings Required £000	Revised In Year Savings Required £000
2014/15	0	(1,000)	(1,000)
2015/16	(839)	(1,000)	(1,839)
2016/17	0	(1,000)	0
2017/18	0	(2,100)	(1,100)
2018/19	0	(3,100)	(1,000)

The savings required for 2014/15 will be found on a non-recurring basis from the first call on 2013/14 under spends, first call on any additional business rate growth in 2013/14, first call on 2014/15 allocation of New Homes Bonus and any residual shortfall to be taken from general fund reserves. This approach will give the authority time to develop plans for 2015/16 to find the required £1.839million in savings needed to meet the financial pressures.

The Executive are asked to consider the following savings initiatives to achieve the required £1.839m savings identified above:

- (i) Major review of Waste Services;
- (ii) Discretionary funding to major partners, e.g. Tullie House £250,000;
- (iii) The updated MTFP assume freezing Council Tax for 2014/15 and 2015/16, members decision will be required on Council Tax levels;
- (iv) One off expressions of interest in voluntary redundancy limited to strict business case criteria effective from 1 April 2014 only, funded in 2014/15 from salary savings
- (v) Digital by default – Council wide exercise to encourage residents to interact with the Council electronically, e.g. savings in postage, printing, stationery

The Transformational Board will be tasked to monitor savings against the target of £1.839million.

The assumptions for later years (2015/16 onwards) savings are dependent upon the timing of a significant capital receipt. At present the budget proposals do not include any provision for the timing of this receipt, so should it be realised in 2015/16 or 2016/17, it will reduce the amount of savings required in subsequent years.

3. ADDITIONAL INCOME PROJECTIONS

3.1 The Council also receives income from a variety of other sources which are not subject to Corporate Charging Policy reviews but are still reviewed annually as they generate substantial income for the Council.

There is additional income anticipated from other sources.

Table 2 – Additional Income Projections

Detail	Note	2014/15	2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000	£000
New Homes Bonus (2011/12)	3.2	0	0	(243)	(243)	(243)
New Homes Bonus (2014/15)	3.2	0	?	?	?	?
Bring Site Recyclate Income	3.3	(64)	0	0	0	0
Retained Business Rates & Pooling	3.4	(600)	(600)	(600)	(600)	(600)
Total additional income		**(664)**	**(600)**	**(843)**	**(843)**	**(843)**
Split						
Recurring		**(600)**	**(600)**	**(843)**	**(843)**	**(843)**
Non Recurring		**(64)**	**0**	**0**	**0**	**0**

3.2 New Homes Bonus

New Homes Bonus allocation for 2014/15 has not yet been confirmed. The first years allocation will be used to offset the non recurring savings requirement as outlined in paragraph 2.6.

3.3 Bring Site Recyclate Income

The Bring Site service is to be brought back in-house from April 2014, and there is an opportunity to generate income from the sale of the recyclate. This income is expected to be able to offset the loss of income from recycling credits received from the County Council as highlighted in report RD53/13 elsewhere on this agenda.

3.4 Retained Business Rates and Pooling

The introduction of the Business Rate Retention Scheme in 2013/14 gives the Council the opportunity to keep 50% of any growth in its Business Rates Income. Projections have shown that there is anticipation that the City's level of income from Business Rates will exceed the baseline level set by Government upon the introduction of the scheme. Further benefits will be realised through the forming of a 'Cumbria Business Rates Pool', which will enable Cumbria as a whole to retain the other 50% share of growth achieved. The City Council will receive a share of this.

4. SUMMARY OF SAVINGS AND INCREASED INCOME PROJECTIONS

The following Table summarises the overall reductions proposed.

Table 3 – Summary of Savings and Increased Income Projections

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
New Savings Proposals (Table 1)	(1,423)	(1,654)	(1,701)	(2,813)	(3,825)
Additional Income Projections (Table 2)	(664)	(600)	(843)	(843)	(843)
Total	**(2,087)**	**(2,254)**	**(2,544)**	**(3,656)**	**(4,668)**

5. CONSULTATION

5.1 Resources, Community and Economy & Environment Overview and Scrutiny Panels will consider the amendments to the base budgets at their meetings in November and December, and feedback any comments on the proposals under consideration to the Executive in December, prior to the Executive issuing their draft budget proposals for wider consultation.

6. RECOMMENDATIONS

The Executive is asked:

(i) To give initial consideration to the proposed reductions to the base budget from 2014/15 onwards, for forwarding to the relevant Overview and Scrutiny Panels

(ii) To note that SMT will continue to investigate efficiencies and savings in accordance with the Savings Strategy.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1 To ensure that a balanced budget is set.

Contact Officer: **Steven Tickner** **Ext: 7280**

Appendices attached to report:

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

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Report to Executive	Agenda Item: A.1(e)

Meeting Date:	18 November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	REVISED CAPITAL PROGRAMME 2013/14 AND PROVISIONAL CAPITAL PROGRAMME 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD56/13

Purpose / Summary:
The report details the revised capital programme for 2013/14 together with the proposed method of financing as set out in Appendices A and B.
The report also summarises the proposed programme for 2014/15 to 2018/19 in the light of new capital pressures 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 2013/14 as set out in Appendices A and B;
- (ii) Make recommendations to Council to approve reprofiling of £710,000 from 2013/14;
- (iii) Give initial consideration and views on the capital spending requests for 2014/15 to 2018/19 contained in this report in light of the estimated available resources;
- (iv) 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:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**ROSP 28/11/13, EEOSP 21/11/13, COSP 19/11/13**

Council:	

1. BACKGROUND

1.1 This report details the revised capital programme for 2013/14 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 2014/15 to 2018/19, 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 10 September 2013:

- Capital Strategy 2014-15 to 2018-19 (Report RD37/13)
- Asset Management Plan (Report RD31/13)

1.4 A Corporate Programme Board of senior officers continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

2. CAPITAL RESOURCES

2.1 There are several sources of capital resources available to the Council to fund capital expenditure, the main ones being:

- Borrowing (Prudential Code - see paragraph 5.2)
- Capital Grants e.g. DFG, specific capital grants
- Capital Receipts e.g. proceeds from the sale of assets
- Council Reserves e.g. Projects Reserve

2.2 In accordance with the Capital Strategy, the Director of Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources.

2.3 It should be noted that capital resources can only be used to fund capital expenditure and cannot (with the exception of the Council’s own Reserves), be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.

2.4 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent in particular on how successful the Council has been in achieving Capital Receipts from the sale of assets against its target i.e. the more capital receipts generated, the less is required to be taken from Borrowing and Council Reserves (and vice versa).

2.5 The cost of borrowing £1m to fund the capital programme will result in a charge to the revenue account in the next full year of approximately £85,000. This is made up of £45,000 for the cost of the interest payable (4.50% of £1m equates to £45,000) and a principal repayment provision of 4% of the outstanding sum (4% of £1m equates to £40,000).

3. REVISED CAPITAL PROGRAMME 2013/14

3.1 The capital programme for 2013/14 totalling £4,760,200 was approved by Council on 16 July 2013 as detailed in the 2012/13 out-turn report (RD11/13).

3.2 The revised capital programme for 2013/14 now totals £7,403,900 as detailed in **Appendix A.** This is a result of the reprofiling exercise and review of the capital programme that has been carried out and other in year adjustments, and is subject to approval by Council.

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 2013/14 is shown below:

Summary Programme	£	Appx
2013/14 Original Capital Programme	4,760,200	**A**
Reprofiling (result of review of programme)	(710,000)	
Other adjustments	3,353,700	
Revised Capital Programme (Sept 2013)	**7,403,900**	**A**
Estimated Capital Resources available	(11,846,998)	**B**
Projected (Surplus) capital resources	**(4,443,098)**	

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 (RD50/13). That report also highlighted an underspend against the annual budget and slippage of £710,000 has been identified.

3.6 The revised programme for 2013/14 (£7,4031,900) includes a new project for improvements at the Cenotaph presented to Council on 5th November 2013 requesting additional use of capital receipts of £40,000. This is included in the figures above. The revised programme also includes reprofiling £62,000 of the Old Town Hall Phase 2 project from 2014/15 into 2013/14.

3.7 It is anticipated that there will be a significant shortfall on anticipated capital receipts generated during 2013/14, estimated at a net figure of £19 million below the current projections. The reductions relate to the removal of significant capital receipts from the capital programme until more certainty over when they will be realised is available.

Source	Original Updated £	Revised £	Difference £
PRTB Agreement	(150,000)	(150,000)	0
Lovells Sales	(160,000)	(160,000)	0
Asset Sales - General	(500,000)	(500,000)	0
Asset Sales - Asset Review (Reprofiling)	(21,218,000)	(2,218,000)	19,000,000
Anticipated Capital Receipts 2013/14	**(22,028,000)**	**(3,028,000)**	**19,000,000**

4. NEW CAPITAL SPENDING PROPOSALS 2014/15 TO 2018/19

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

Capital Scheme	App/ Para	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Current Commitments:						
Vehicles & Plant	4.3	279	1,901	200	200	200
Planned Enhancements to Council Property	4.4	350	300	300	300	300
Disabled Facilities Grants	4.5	863	863	863	663	663
Arts Centre		1,015	0	0	0	0
Harraby School and Community Campus Capital Contribution		500	500	0	0	0
Old Town Hall/Greenmarket	4.6	1,400	38	0	0	0
Leisure Facilities		0	5,000	0	0	0
Public Realm Work S106	4.4	360	0	0	0	0
Castle Way S106	4.4	300	0	0	0	0
Total Existing Commitments		**5,067**	**8,602**	**1,363**	**1,163**	**1,163**
New Spending Proposals						
Vehicles & Plant	4.3	(59)	(792)	1,021	913	183
Disabled Facilities Grants	4.5	0	0	0	200	200
ICT Shared Service	4.7	210	197	205	204	195
Asset Management Plan	4.8	1,800	0	1,500	0	0
Sheepmount Road	4.9	30	0	0	0	0
Bitts Park Access	4.10	10	0	0	0	0
Enterprise Centre / West Walls	4.11	70	0	0	0	0
Total New Proposals		**2,061**	**(595)**	**2,726**	**1,317**	**578**
TOTAL POTENTIAL PROGRAMME		**7,128**	**8,007**	**4,089**	**2,480**	**1,741**

4.2 Many of the new spending proposals have not yet been considered by the Corporate Programme Board. Therefore should they be approved for inclusion in the Council's Capital Programme as part of this budget process, the release of any earmarked reserve would be subject to verification of the business case by the Corporate Programme Board and a report to the Executive as appropriate.

Likewise details of the proposals for spend in committed areas will be subject to a full report and Business Case to the Corporate Programme Board before the release of any earmarked reserve.

4.3 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above and have been amended to reflect revised requirements within service areas.

4.4 Castle Way S106, Public Realm S106 and Planned Enhancements to Council Properties have been revised upwards in 2014/15 to include carry forwards from 2013/14.

4.5 Council funding of £200,000 per annum is included until 2016/17; the position will then be reviewed based upon the operational responsibilities and requirements of the service.

4.6 Old Town Hall Phase 2 has been reprofiled as detailed in previous reports to the Executive.

4.7 The current ICT hardware and software replacement programme comes to an end in 2013/14.

4.8 Asset Management Plan expenditure has been removed and replaced with expenditure budgets for required improvement works.

4.9 To create safe access and ancillary hard standing areas at Sheepmount.

4.10 To create permanent hard standing access for vehicles in connection with the events held at Bitts Park.

4.11 Enhancements to the Enterprise Centre and West Walls.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2014/15 to 2018/19 based on the announcements by Government in the spending review.

Source of Funding	Para	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Capital Grants:						
• Disabled Facilities Grant	5.3	(663)	(663)	(663)	(663)	(663)
• General Grants/Contributions	5.4	(660)	0	0	0	0
External Borrowing	5.5	0	(5,000)	0	0	0
Capital Receipts:						
• Generated in year – General	5.6	(260)	(260)	(260)	(260)	(260)
• Generated in year – Asset Business Plan	5.7	(3,256)	(1,340)	0	0	0
• Generated in year – PRTB	5.8	(150)	(150)	(150)	(150)	0
Direct Revenue Financing / Invest to Save	5.9	(101)	(101)	(66)	(66)	(34)
TOTAL		**(5,090)**	**(7,514)**	**(1,139)**	**(1,139)**	**(957)**

5.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD55/13).

5.3 Disabled facilities grant allocation will not be announced until January 2014, although it has been assumed that this grant will be protected at the 2013/14 levels. A further report will be presented to the Executive once the 2014/15 allocation has been received.

5.4 Section 106 contributions towards Castle Way and Public Realm Work.

5.5 External borrowing to fund Sands Centre.

5.6 Capital receipts from the sale of fixed assets, including the sale of the Council's interest in land on the Raffles estate and other specific asset disposals.

5.7 Capital receipts from the sale of Assets as part of the Asset Management Plan have been reprofiled between years to reflect sales and purchase activity to date.

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

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

6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2014/15 TO 2018/19

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

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Estimated in year Resources available (para 5.1)	(5,090)	(7,514)	(1,139)	(1,139)	(957)
Proposed Programme (para 4.1)	7,128	8,007	4,089	2,480	1,741
Projected (Surplus)/Deficit	**2,038**	**493**	**2,950**	**1,341**	**784**
Cumulative B/Fwd Balance	**(4,443)**	**(2,405)**	**(1,912)**	**1,038**	**2,379**
Cumulative year end Position • Capital (Surplus) / Deficit	**(2,405)**	**(1,912)**	**1,038**	**2,379**	**3,163**

6.2 The Council may need to consider additional borrowing from 2016/17 onwards unless the significant receipts removed from the capital programme (see para 3.7) are realised before this time.

7. CONSULTATION

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

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

(i) Note the revised capital programme and relevant financing for 2013/14 as set out in Appendices A and B;

(ii) Make recommendations to Council to approve reprofiling of £710,000 from 2013/14;

(iii) Give initial consideration and views on the capital spending requests for 2014/15 to 2018/19 contained in this report in light of the estimated available resources;

(iv) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: **Peter Mason** **Ext: 7270**
Appendices attached to report:

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

REVISED CAPITAL PROGRAMME 2013/14 **APPENDIX A**

Scheme	2013/14 Original July 2013 £	2013/14 Revised Nov 2013 £	Notes
Disabled Facilities Grants	863,000	863,000	
Planned Enhancements to Council Property	300,000	250,000	1
Vehicles, Plant & Equipment	570,500	570,500	
IT Equipment	3,000	3,000	
ICT Shared Service	222,300	222,300	
Public Realm Work S106	370,000	10,000	1
Clean Up Carlisle	20,500	20,500	
Arts Centre	250,000	50,000	1 / 2
Public Realm Work	100,000	100,000	
Paternoster Row	100,000	100,000	
Harraby School & Community Campus Contribution	600,000	600,000	
Castleway S106	346,800	46,800	1
Document Image Processing	13,500	13,500	
PCIDSS	30,600	30,600	
Families Accomodation Replacement	608,600	608,600	
Old Town Hall	298,500	298,500	
Old Town Hall Phase 2	0	62,000	3
Kingstown Industrial Estate	32,900	32,900	
Connect 2 Cycleway	11,700	11,700	
Trinity Church Multi Use Games Area	2,100	2,100	
Play Area Improvements	6,200	6,200	
Castle Street Public Realm Improvements	10,000	10,000	
Asset Review Purchases/Expenditure	0	2,712,500	2
Customer Contact Centre	0	40,000	2
Employee Payment & Resource Management System	0	70,000	2
Empty Homes	0	305,700	2
Bring Sites Vehicle	0	227,000	2
Purple Sacks	0	69,500	2
Cenotaph	0	67,000	2
TOTAL	**4,760,200**	**7,403,900**	

Notes:

1. Budget reprofiled to future years.
2. Other variations relate to virements between schemes or additional/reduced contributions as set out in previous Executive reports.
3. Budget brought forward from future years.

APPENDIX B

REVISED CAPITAL PROGRAMME 2013/14 – PROPOSED FINANCING

Source of funding	2013/14 Original £	2013/14 Revised £	Notes
Capital Grants:			
• DFG	663,000	663,000	
• General	37,900	320,600	1
Capital Receipts:			
• B/fwd from previous year	7,463,798	7,463,798	
• PRTB receipts	150,000	150,000	2
• Generated in year	660,000	660,000	
• Generated in year (Asset Review)	22,218,000	2,218,000	3
Capital Contributions			
• General	716,800	56,800	4
Use of Reserves/Internal Borrowing	45,500	0	5
Direct Revenue Financing	123,000	314,800	6
TOTAL FINANCE AVAILABLE	**32,077,998**	**11,846,998**	
TOTAL PROGRAMME (SEE APP A)	**4,760,200**	**7,403,900**	
PROJECTED SURPLUS CAPITAL RESOURCES AVAILABLE	**27,317,798**	**4,443,098**	

Notes:

1. Capital grant has been increased to include new funding for Empty Properties and Cenotaph Improvements.
2. Revised projections from Riverside Group for 2013/14 will be provided in a future report to the Executive.
3. The anticipated receipts from the Asset Management Plan have been reduced in line with revised projections.
4. Changes to general receipts relate to Castle Way S106 (£300,000) and Public Realm Works S106 (£360,000). These have been reprofiled into 2014/15 in line with revised projections.
5. Resources have been removed from the capital programme.
6. Changes to Direct Revenue Financing relate to Customer Contact Centre (£40,000), Employee Payment and Resource Management System (£14,000), Town Clocks Invest to Save (£3,100), Solar Panels (£15,200), Empty Homes (£50,000) and Purple Sacks (£69,500).

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Report to Executive	Agenda Item: A.1(f)

Meeting Date:	18th November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	CORPORATE ASSETS 3 YEAR REPAIR AND MAINTENANCE PROGRAMME
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD58/13

Purpose / Summary:

This report sets out the maintenance programme and budget proposals for the Council's Corporate Property assets for the 3 year period 2014/15 to 2017/18 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:-

1. The 3 year revenue maintenance programme set out in Appendix A be noted with the budget of £664,600 for 2014/15 considered as part of the budget process;
2. The 2014/15 capital budget of £300,000 is noted for consideration as part of the budget process;
3. That the list of capital projects selected to meet the budget of £300k is noted.

Tracking

Executive:	**18th November 2013**
Overview and Scrutiny:	**ROSP 28th November 2013; COSP 19th November 2013; EEOSP 21st November 2013**
Council:	**Not Applicable**

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 revenue maintenance budget is approximately £664,600 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

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

1.3 Planned Maintenance

The Council has a capitalised major repairs and improvement programme with a provision of £300,000 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.

Each Council asset has a 5-year maintenance programme and these are updated every year following inspection by the Facilities team. The data collected is fed into the Asset Management Plan and is used to produce key performance indicators.

1.4 **Status Analysis**

The maintenance backlog figure is currently £3.325m. This is a reduction from the previous year's figure of £3.66m. The backlog figure reduces as maintenance projects are completed. However condition surveys identify new maintenance projects and the sale and acquisition of properties also affects the backlog figure.

2. PROPOSALS

2.1 **Planned Maintenance Capital Programme 2013/14**

The following projects reflect the highest priority projects to be funded from capital.

PROPERTY	PROJECT	COST
Tullie House Museum	Re-cover flat roof over education room	£20,000
Tullie House Museum	Renew rooflights at education room area	£20,000
Morton Community Centre	Re-cover flat roof over the reception area	£30,000
Enterprise Centre	Re-cover flat roofs	£60,000
West Walls	Stone repairs	£20,000
Civic Centre	Refurbish / rewire floor 3 and 4	£150,000
	TOTAL	**£300,000**

3. CONSULTATION

3.1 Consultation to Date

Service heads for Facilities, Property and Finance.

4. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

In order to plan the Council's repairs and maintenance programme and make proposals for future revenue and capital budgets to meet these requirements, it is recommended that:

1. The 3 year revenue maintenance programme set out in Appendix A is noted with the budget of £664,600 for 2014/15 considered as part of the budget process;
2. The 2014/15 capital budget of £300,000 is noted for consideration as part of the budget process;
3. That the list of capital projects selected to meet the budget of £300k is noted.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 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.

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:

Chief Executive's –

Community Engagement –

Economic Development –

Governance – As stated in paragraph 1.1 of the Report, the Council has a legal duty to ensure that its premises are safe for those using the property. The law extends the duty of care which requires this to employees, visitors and trespassers. Proper maintenance of assets is also an important part of fulfilling our obligation to manage the public resources we are responsible for in a sensible and prudent manner. Finally, certain premises are leased to a tenant (e.g. Tullie House) and the Council has an obligation in accordance with the relevant lease agreement to carry out maintenance works to a specified level.

Local Environment –

Resources – 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.

There is currently a budget of £664,600 in 2014/15 for revenue repair and maintenance costs with capital funding of £300,000 for major planned maintenance projects. Any re-prioritisation of work would need to be accommodated within these existing budgets.

Contact Officer: **David Kay** **Ext:**
7230

Appendices

attached to report: **APPENDIX A - BUDGET REQUIREMENTS FOR THE NEXT 3 YEARS**

PROGRAMMMED AND REACTIVE REPAIR AND MAINTENANCE					
CODE	**DESCRIPTION**	**2013/14 BUDGET**	**2014/15 REQUIREMENT**	**2015/16 REQUIREMENT**	**2016/17 REQUIREMENT**
10110/1010	Bousteads Grassing/Prog Repair	£18,400	£7,300	£7,500	£7,700
10110/1059	Bousteads Grassing/M & E Maintenance	£1,100	£1,100	£1,200	£1,200
11057/1011/52603	Public Clocks/React Rep & Main	£500	£3,700	£3,800	£3,900
11057/3010/52602	E.C. Regulations/Lamps & Tubes	£5,400	£7,700	£7,900	£8,100
11057/3907/52503	Energy Fund	£12,700	£13,800	£14,200	£14,600
15100/1011	Allotments/React Rep & Maint	£4,200	£4,300	£4,400	£4,600
15120/1010	Bitts Park Depot/Prog Rep & Mnt	£6,500	£7,300	£7,500	£7,700
15120/1011	Bitts Pk Depot/React Rep&Main	£3,700	£3,800	£3,900	£4,000
15140/1010	Play Areas/Prog Repair & Main	£7,800	£8,000	£8,200	£8,500
15140/1011	Play Areas/React Rep & Maint	£18,900	£19,400	£20,000	£20,500
15160/1010	Parks & O.S/Prog Rep & Maint	£14,900	£15,300	£15,700	£16,200
15160/1011	Parks & O.S/React Rep & Maint	£24,800	£25,500	£26,200	£26,900
15170/1010	Talkin Tarn/Programmed Repair & Maint	£8,100	£8,300	£8,600	£8,800
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	£2,100	£2,200	£2,200	£2,300
16050/1010	Tullie House Build Servs/Prog R & M	£18,400	£18,900	£19,400	£20,000
16050/1011	Tullie House Build Servs/React R & M	£23,000	£23,600	£24,300	£25,000
16050/1014	Tullie Hse/Millennium Gallery Planned	£3,000	£3,100	£3,200	£3,300
16050/1014	Tullie Hse/Millennium Gallery Reactive	£6,600	£6,800	£7,000	£7,200
16050/1014	Irishgate/Lift Planned Maintenance	£14,800	£15,200	£15,600	£16,100
16050/1014	Irishgate/Reactive Maintenance	£7,200	£7,400	£7,600	£7,800
16480/1010	Guildhall/Prog Repair & Maint	£4,100	£4,200	£4,300	£4,500

16480/1011	Guildhall/React Rep & Maint	£0	£0	£0	£0
16570/1010	Sands Client/Prog R & M	£13,600	£14,000	£14,400	£14,800
16570/1011	Sands Client/Reactive R & M	£7,500	£7,700	£7,900	£8,100
16580/1010	Pools Client/Prog Rep & Maint	£10,000	£11,300	£11,600	£12,000
16580/1011	Pools Client/React Rep & Main	£7,300	£7,500	£7,700	£7,900
16590/1010	Outdoor Rec Clnt/Prog Rep&Maint	£19,300	£21,000	£21,600	£22,200
16590/1011	Outdoor Rec Clnt/React Rep&Main	£10,000	£10,800	£11,100	£11,400
18010/1010	Civic Centre/Prog Rep & Maint	£33,700	£37,500	£38,600	£39,700
18010/1011	Civic Centre/React Rep & Main	£42,600	£43,100	£44,300	£45,500
18010/1014	Civic Centre/Office Alteratns	£8,600	£9,200	£9,400	£9,700
18010/3002	Civic Centre/Emergency Generator	£1,200	£1,300	£1,300	£1,300
18010/3010	Civic Centre/Lamps & Tubes	£3,400	£3,800	£3,800	£3,900
18010/4010	Civic Centre/Lift Maintenance	£15,900	£17,400	£17,900	£18,400
18010/4025	Civic Centre/Security	£3,700	£3,800	£3,900	£4,000
21100/1010	Enterprise Centre/Prog Rep/Mn	£21,800	£22,400	£23,000	£23,700
21100/1011	Enterprise Centre/React Rep&M	£16,100	£16,600	£17,000	£17,500
21600/1010	Comm Centres Gen/Prog Rep & Main	£72,600	£74,600	£76,700	£78,900
21600/1011	Comm Centres Gen/React Rep&Maint	£46,300	£47,600	£48,900	£50,300
24500/1010	Public Conveniences/Prog Repair & Main	£10,200	£11,100	£11,400	£11,700
24500/1011	Public Con/React Rep & Maint	£16,400	£17,700	£18,200	£18,700
25510/1010	69 London Road (Staffield House)/Prog Rep & Mai	£3,200	£0	£0	£0
25510/1011	69 London Road/React R & M	£5,000	£0	£0	£0
25511/1010	Water Street Hostel Prog Rep & Maint	£0	£3,300	£3,400	£3,500
25511/1011	Water Street Hostel Reat Rep & Maint	£0	£5,100	£5,300	£5,400
25520/1010	Shaddongate(St Johns Hostel)/Prog Rep & Maint	£1,400	£1,400	£1,500	£1,500
25520/1011	Shaddongate React/Rep & Maint	£5,600	£5,800	£5,900	£6,100
25530/1010	Hostel Homeshares/Program R&M	£2,300	£2,400	£2,400	£2,500
25530/1011	Hostel Homeshares/React R&M	£8,500	£8,700	£9,000	£9,200
26510/1010	Cemeteries/Prog Repair & Main	£17,100	£18,300	£18,800	£19,300
26510/1011	Cemeteries/React Rep & Maint	£9,700	£10,500	£10,800	£11,100
26520/1010	Crematorium/Prog Rep & Maint	£4,600	£4,900	£5,100	£5,200
26520/1011	Crematorium/React Rep & Maint	£8,000	£8,700	£9,000	£9,200
42560/1011	Hewson St/Reactive Rep & Mtce	£0	£0	£0	£0
42570/1011	Ind Est James St/Rep&Maint Rc	£300	£300	£300	£300

42610/1011	Port Road/Reactive Rep & Mtce	£0	£0	£0	£0
42640/1011	Ind Est S.John St/Rep&Maint R	£0	£0	£0	£0
43010/1011	Miscellaneous Properties/React Rep & Maint	£4,500	£4,600	£4,800	£4,900
43070/1010	Old Town Hall/Prog Rep & Main	£3,600	£3,700	£3,800	£3,900
43070/1011	Old Town Hall/React Rep&Maint	£1,600	£1,600	£1,700	£1,700
16490/1010	Old Fire Station Arts Centre Prog Rep & Maint	£0	£23,600	£24,300	£25,000
16490/1011	Old Fire Station Arts Centre React Rep & Maint	£1,500	£16,400	£16,900	£17,400
	TOTAL	**£641,800**	**£664,600**	**£683,200**	**£702,400**

The following properties have no allocated revenue budget; funds are vired from other budgets as required

new	Dixon's Chimney	£0	£0	£0	£0
new	West Walls	£0	£0	£0	£0
new	Monuments and Statues	£0	£0	£0	£0
new	Castle Banks	£0	£0	£0	£0
24450/1010	Recycling/Prog Rep & Maint	£0	£0	£0	£0
24450/1011	Recycling(Willowholme depot)/React Repair & Main	£0	£0	£0	£0

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# Report to Executive	Agenda Item: **A.1(g)**

Meeting Date:	18 November 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD30/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	TREASURY MANAGEMENT JULY - SEPTEMBER 2013 AND FORECASTS FOR 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD55/13

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 2014/15 with projections to 2018/19. 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 2014/15 to 2018/19 be incorporated into the budget reports elsewhere on the agenda.

Tracking

Executive:	**18 November 2013**
Overview and Scrutiny:	**28 November 2013**
Audit Committee:	**24 January 2014**
Council:	**n/a**

1. INTRODUCTION

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

(i) **Appendix A** sets out the schedule of Treasury Transactions for the period 1 April 2013 – 27 September 2013

- **Appendix A1 –** Treasury Transactions April to September 2013
- **Appendix A2 –** Investment Transactions April to September 2013
- **Appendix A3 –** Outstanding Investments at 27 September 2013 and

(ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2013/14:

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

(iii) **Appendix C** sets out the base Treasury Management estimates for 2014/15 with projections to 2018/19 which are included as budget pressures elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. As interest rates are not forecast to rise in the medium term, revisions have been made to the interest achievable and average cash balances have been amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves. Consideration has also been given to the profiling of new capital receipts expected and the impact this will have on cash balances and the capital programme. The overall impact of this is shown as the shortfall in the projections within the appendix.

2. CONSULTATION

2.1 Consultation to Date.
None.

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

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

3.1 That this report be received and that the projections for 2014/15 to 2018/19 be incorporated into the budget reports elsewhere on the agenda.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: **Steven Tickner** **Ext: 7280**

Appendices attached to report:
Appendix A1 – Treasury Transactions April to September 2013
Appendix A2 – Investment Transactions April to September 2013
Appendix A3 – Outstanding Investments at 27 September 2013
Appendix B1 – Prudential Code background
Appendix B2 – Prudential Indicators
Appendix C – Treasury Projections 2014/15 – 2018/19

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

APPENDIX A1

TREASURY TRANSACTIONS
1 APRIL 2013 to 27 SEPTEMBER 2013

1. LOANS (DEBT)

1.1 Transactions 1 July to 27 September 2013

	Raised		Repaid	
	£	%	£	%
P.W.L.B	0		0	0
Local Bonds	0		0	0
Short Term Loans	0		0	0.00
Overnight Borrowing	0		0	0.00
	0		**0**	

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

1.2 Loans (Debt) Outstanding at 27 September 2013

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

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 27 September 2013 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	13,300
			13,300

1.5 Interest Rates

Sector is not forecasting an interest rate rise until Quarter 4 of 2015.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	38,877,000	0.36 - 1.01	38,602,000	0.36 - 2.85
	38,877,000		**38,602,000**	

A full schedule of investment transactions is set out in Appendix A2. Appendix A3 shows outstanding investments at 27 September 2013.

3 REVENUES COLLECTED

To: 30 September 2013		Collected £	% of Amount Collectable %
2013/14	Council Tax	27,983,861	51.17
	NNDR	26,068,556	62.02
Total		**54,052,417**	**31.21**
2012/13	Council Tax	27,409,813	57.42
	NNDR	24,438,969	60.08
Total		**51,848,782**	**58.64**
2011/12	Council Tax	27,331,978	57.60
	NNDR	23,320,145	60.62
Total		**50,652,123**	**58.97**

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

4 BANK BALANCE

At 27 September 2013 £80,918 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 27 SEPTEMBER 2013

July – 27 September 2013

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(237)	(129)	108
Interest Payable	190	190	0
Less Rechargeable	(7)	(7)	0
	183	**183**	**0**
Principal Repaid	0	0	0
Debt Management	14	12	(2)
NET BALANCE	**(40)**	**66**	**106**

The estimate column is the profiled budget to 27 September 2013.

Interest receivable is falling behind budgeted projections due to average investment returns being lower than those anticipated when the budget was set. Although bank base rates have remained at 0.50%, investment rates have fallen significantly over the first 6 months of 2013 due to banks being able to access capital from the Bank of England that has meant they do not need to offer higher rates to attract investment from the financial markets. This has meant, for example, that a twelve month investment made now will only attract a yield of 1.01%, whereas at this point twelve months ago, the same investment could have achieved a return of 3%.

APPENDIX A2

INVESTMENT TRANSACTIONS 1 JULY TO 27 SEPTEMBER 2013

INVESTMENTS MADE			INVESTMENTS REPAID	
	£			£
Ignis, Money Market	1,475,000.00		Ignis, Money Market	200,000.00
HSBC Call	3,835,000.00		Royal Bank of Scotland	2,000,000.00
Ignis, Money Market	620,000.00		Prime Rate, Money Market	1,125,000.00
Ignis, Money Market	635,000.00		Prime Rate, Money Market	555,000.00
Royal Bank of Scotland	2,000,000.00		Ignis, Money Market	3,025,000.00
Ignis, Money Market	495,000.00		HSBC Call	120,000.00
Prime Rate, Money Market	1,680,000.00		HSBC Call	1,387,000.00
HSBC Call	2,000,000.00		HSBC Call	3,600,000.00
HSBC Call	400,000.00		HSBC Call	215,000.00
HSBC Call	4,000,000.00		Ignis, Money Market	200,000.00
HSBC Call	922,000.00		Bank of Scotland	1,000,000.00
Ignis, Money Market	1,100,000.00		Royal Bank of Scotland	1,000,000.00
Bank of Scotland	1,000,000.00		Royal Bank of Scotland	2,000,000.00
Royal Bank of Scotland	1,000,000.00		Ignis, Money Market	2,800,000.00
Ignis, Money Market	1,900,000.00		HSBC Call	170,000.00
Royal Bank of Scotland	2,000,000.00		HSBC Call	380,000.00
Barclays	1,000,000.00		Barclays FIBCA	1,000,000.00
HSBC Call	1,100,000.00		HSBC Call	85,000.00
HSBC Call	525,000.00		Barclays FIBCA	2,000,000.00
HSBC Call	2,630,000.00		HSBC Call	3,480,000.00
Ignis, Money Market	2,400,000.00		HSBC Call	140,000.00
Royal Bank of Scotland	1,000,000.00		Barclays FIBCA	1,000,000.00
Barclays	1,000,000.00		Royal Bank of Scotland	1,000,000.00
Prime Rate, Money Market	3,160,000.00		Ignis, Money Market	140,000.00
Royal Bank of Scotland	1,000,000.00		Ignis, Money Market	335,000.00
			Prime Rate, Money Market	3,160,000.00
			Ignis, Money Market	1,925,000.00
			HSBC Call	220,000.00
			Royal Bank of Scotland	1,000,000.00
			HSBC Call	200,000.00
			HSBC Call	80,000.00
			HSBC Call	3,060,000.00
TOTAL	**38,877,000**			**38,602,000**
			Bfwd	23,165,000
			Paid	38,877,000
			Repaid	38,602,000
			Total	**23,440,000**

Outstanding Investments as at 27 September 2013

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC	2,440,000	0.50%		Call			0
B	Royal Bank of Scotland	1,000,000	1.75%	05/10/2012	04/10/2013		90	4,315
G	Nationwide Building Society	1,000,000	0.61%	04/04/2013	19/12/2013	172	259	4,328
B	Royal Bank of Scotland	1,000,000	0.85%		Call90	90	90	
B	Royal Bank of Scotland	2,000,000	0.85%		Call90	90	90	
B	Royal Bank of Scotland	1,000,000	0.85%		Call90	90	90	
B	Royal Bank of Scotland	2,000,000	0.85%		Call90	95	90	
B	Royal Bank of Scotland	1,000,000	0.85%		Call90	95	90	
G	Nationwide Building Society	2,000,000	0.63%	02/04/2013	02/01/2014	186	275	9,493
B	Bank of Scotland	1,000,000	1.10%	04/01/2013	03/01/2014	187	364	10,970
B	Bank of Scotland	1,000,000	1.10%	13/02/2013	14/02/2014	229	366	11,030
G	Barclays Bank	1,000,000	0.52%	09/09/2013	06/03/2014	249	178	2,536
B	Bank of Scotland	1,000,000	1.10%	25/03/2013	28/03/2014	271	368	11,090
B	Bank of Scotland	1,000,000	1.10%	27/03/2013	28/03/2014	271	366	11,030
B	Bank of Scotland	1,000,000	1.10%	28/03/2013	28/03/2014	90	90	2,712
B	Bank of Scotland	1,000,000	1.10%	11/04/2013	10/04/2014	95	95	2,863
B	Bank of Scotland	1,000,000	1.05%	30/05/2013	30/05/2014	334	365	10,500
G	Barclays Bank	1,000,000	0.69%	22/08/2013	30/05/2014	334	281	5,312
B	Bank of Scotland	1,000,000	1.01%	02/08/2013	01/08/2014	397	364	10,072
	Total Investments	**£23,440,000**	**0.88%**			**193**	**217**	**£96,253**

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

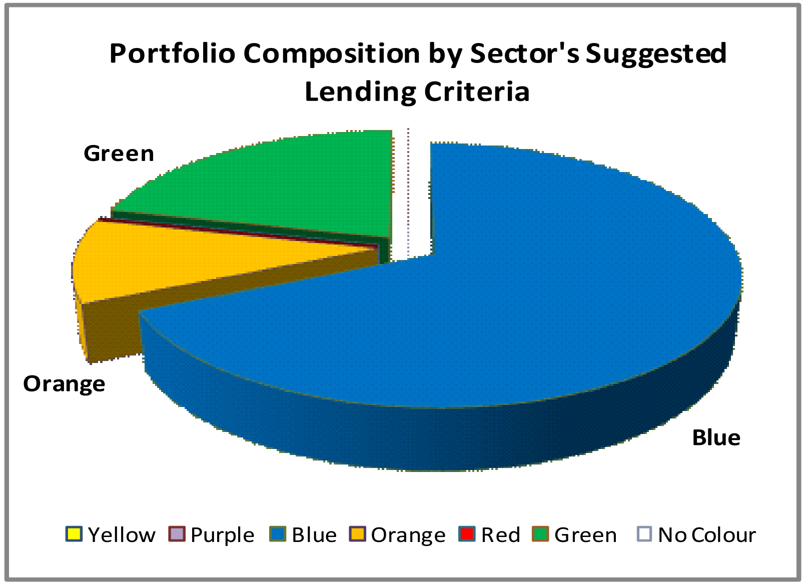
The category colour represents the duration of investment recommended by Sector, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investments 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	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	68.26%	16,000,000	43.75%	7,000,000	29.86%	1.02%	134	245
Orange	10.41%	2,440,000	100.00%	2,440,000	10.41%	0.50%	0	0
Red	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Green	21.33%	5,000,000	0.00%	-	0.00%	0.62%	133	254
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.00%	**23,440,000**	**40.27%**	**9,440,000**	**40.27%**	**0.88%**	**120**	**222**

Risk Score for Colour (1 = Low, 7 = High)	Sep 2013	Jun 2013	Mar 2013	Sep 2012
	Weighted			
1	0	0.0	0.0	0.0
2	0	0.0	0.0	0.0
3	2.1	2.1	2.6	2.1
4	0.4	0.0	0.4	0.0
5	0	0.6	0.3	0.0
6	1.3	1.0	0.0	1.0
7	0	0.0	0.0	0.6
	3.7	**3.7**	**3.2**	**3.8**
Normal' Risk Score	**3.5**	**3.5**	**3.5**	**3.5**

	Sector'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



APPENDIX B1

THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

1. Introduction

1.1 The Local Government Act 2003 brought about a new borrowing system for local authorities known as the Prudential Code (the Code). This gives to Councils much greater freedom and flexibility to borrow without government consent so long as they can afford to repay the amount borrowed.

1.2 The aim of the Code is to support local authorities when making capital investment decisions. These decisions should also be in line with the objectives and priorities as set out in the Council's Corporate Plan.

1.3 The key objectives of the Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable, or if appropriate, to demonstrate that they may not be. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. These objectives are consistent with and support local strategic planning, local asset management planning and proper option appraisal. They also encourage sound treasury management decisions.

2. Prudential Indicators

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

2.2 Appendix B2 sets out the latest performance indicators for the current year.

3. Supported and Unsupported (or Prudential) Borrowing

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

3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its capital borrowing would be limited to its level of supported borrowing. In 2013/14 this is estimated to be Nil.

3.3 However, there may be circumstances in which the City Council will wish to undertake some prudential borrowing and the issues surrounding unsupported and supported borrowing are discussed below.

3.4 Authorities are permitted to borrow in excess of their supported borrowing allocation. This is referred to as prudential or unsupported borrowing. This can be undertaken so long as the Council can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

APPENDIX B2

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 2013/14 to date as detailed in the Treasury Management Strategy Statement for 2013/14.

(a) Affordability

	2013/14 Original £	2013/14 Revised £
(i) Capital Expenditure	7,780,000	7,403,900
(ii) Financing Costs		
Total Financing Costs	845,959	845,959
(iii) Net Revenue Stream		
Funding from Govt Grants/Local Taxpayers	13,454,000	13,454,000
(iv) Ratio of Financing Costs to Net Revenue Stream	6.29%	6.29%
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.		
(v) Incremental Impact on Council Tax	0.56	0.56
This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.		
(vi) Authorised Borrowing Limit	37,600,000	37,600,000
Maximum Level of Borrowing and Other Long term Liabilities	15,013,300	
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.		

	2013/14 Original £	2013/14 Revised £
(vii) Operational Borrowing Limit	32,600,000	32,600,000
Maximum Level of Borrowing and Other Long term Liabilities	15,013,300	
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.		
(viii) Capital Financing Requirement (CFR)	(5,293,000)	n/a
As at 31 March		
The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.		

(b) Prudence and Sustainability

	2013/14 Revised £
(i) New Borrowing to Date	0
No Long Term Borrowing has been taken in 2013/14 to date	
(ii) Percentage of Fixed Rate Long Term Borrowing	
at 27 September 2013	100%
(iii) Percentage of Variable Rate Long Term Borrowing	
at 27 September 2013	0%
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.	
(iv) Minimum Level of Investments Classified as Specified	50.00%
Level of Specified Investments as at 27 September 2013	100.00%
As part of the Investment Strategy for 2013/14 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.	

TREASURY AND DEBT MANAGEMENT BASE ESTIMATES

APPENDIX C

Set out below are the base treasury management estimates for 2013/14 and 2014/15 with projections to 2018/19

Treasury Management Budget	**2013/14** Original Estimate £	**2013/14** Revised £	**2014/15** Estimate £	**2015/16** Estimate £	**2016/17** Estimate £	**2017/18** Estimate £	**2018/19** Estimate £
Interest Payable	1,319,050	1,319,050	1,319,625	1,474,756	1,470,988	1,466,578	1,461,945
Core MRP	0	0	423,074	515,543	759,057	898,640	963,762
Principal Repayments	0	0	0	131,997	136,339	140,825	145,458
Debt Management							
Sector	14,689	14,689	15,100	15,523	15,958	16,405	16,864
Publications	500	500	500	500	500	500	500
Recharge - Transferred Debt/bequests etc	(23,000)	(23,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)
Total Expenditure	**1,311,239**	**1,311,239**	**1,737,299**	**2,117,319**	**2,361,843**	**2,501,947**	**2,567,528**
Interest Receivable	(473,100)	(258,557)	(226,092)	(237,633)	(304,218)	(362,044)	(432,970)
Other Interest Recharged	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total Income	**(288,778)**	**(255,557)**	**(223,092)**	**(234,633)**	**(301,218)**	**(359,044)**	**(429,970)**
Treasury Management Net Expenditure	**1,022,461**	**1,055,682**	**1,514,207**	**1,882,686**	**2,060,625**	**2,142,903**	**2,137,558**
MTFP 13/14	**1,022,461**	**841,100**	**494,200**	**518,900**	**840,700**	**706,100**	**545,400**
Difference to Council Resolution Position	**0**	**214,582**	**1,020,007**	**1,363,786**	**1,219,925**	**1,436,803**	**1,592,158**
Assumed Average Investment Return	**1.73%**	**1.00%**	**1.00%**	**1.00%**	**1.38%**	**1.88%**	**2.50%**

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Report to Executive	Agenda Item: A.2

Meeting Date:	18 NOVEMBER 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD31/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	REVIEW OF RESERVES AND BALANCES
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD60/13

Purpose / Summary:

This report provides guidance and makes recommendations as to the level and type of Reserves that the Council should hold.

Recommendations:

The Executive are asked:

(i) To consider the level and type of reserves held by the Council, noting their designated use as outlined in Section 5, and;

(ii) To approve, for recommendation to Council, the release of the LSVT warranties reserve to the General Fund Reserve.

Tracking

Executive:	**18 November 2013, 16 December 2013**
Overview and Scrutiny:	**28 November 2013**
Council:	**7 January 2014**

1. BACKGROUND

1.1 This report provides guidance and makes recommendations to the level and type of Reserves which the City Council should hold. A fundamental review of all reserves was last carried out in 2003, so it is timely that, given current budgetary constraints, a further review is carried out to establish whether all current reserves held are still required.

2. LEGISLATIVE AND GOVERNANCE REQUIREMENTS

2.1 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

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

2.3 Whilst it is primarily the responsibility of the local authority and its finance director 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.

2.4 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.

2.5 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 Director of Resources. Where the Director of Resources advice is not accepted this should be formally recorded in the Council minute.

3. TYPES OF RESERVES

3.1 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.

4. CURRENT CITY COUNCIL RESERVES

4.1 The current actual reserves as at 31 March 2013 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 section 5**.**

	Paragraph	Actual Balance 31/03/2013 £
General Reserves:		
General Fund Reserve	**5.2**	2,542,792
Projects Reserve	**5.3**	0
Earmarked Reserves:		
EEAC Reserve	**5.4**	55,313
Transformation Reserve	**5.5**	496,295
Welfare Reform Reserve	**5.6**	200,000
Licensing Reserve	**5.7**	14,400
Building Control Reserve	**5.8**	(17,565)
Cremator Replacement Reserve	**5.9**	142,800
Conservation Fund	**5.10**	116,044
LSVT Warranties	**5.11**	487,759
		4,037,838
Capital Reserves		
Lanes Capital Fund	**5.12**	355,380
CLL Reserve	**5.13**	521,820
Asset Investment Reserve	**5.14**	47,643
		924,843

5. REVIEW AND POTENTIAL RELEASE OF RESERVES

5.1 As there are significant budgetary pressures on the Council in the coming years, the reserves highlighted above 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. There are certain reserves, that are still business critical, for example, Welfare Reform, Transformation and Cremator Replacement. It is proposed that these reserves remain untouched at the present time.

5.2 GENERAL FUND RESERVE

(i) Purpose of the Reserve

To be a general working balance/contingency to cushion the Council against uneven cash flows and budgetary impacts, or unexpected events and emergencies.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Resources The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on (a) cash flow requirements; (b) inflation and interest rates; (c) demand led budget pressures; (d) efficiency and productivity savings; (e) the availability of funds to deal with major unexpected events or emergencies; (f) risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments. Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.

(iii) Future of the Reserve

This reserve is still required.

5.3 PROJECTS RESERVE

(i) Purpose of the Reserve

This fund was originally established from year-end windfall gains. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme. Current budgetary constraints that are relying on the use of the General Fund Reserve in the short term mean that the Projects Reserve balance is currently zero.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of 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.

(iii) Future of the Reserve

This reserve is still required.

5.4 EEAC RESERVE

(i) Purpose of the Reserve

The Energy Efficiency Advice Reserve was established when the service transferred out of the Council's control. The reserve has been used over the past few years to support initiatives in improving household's energy efficiency by providing funding for support officers. The Executive, in 2009 (Report Ref DS100/09), approved the use of £306,000 towards these initiatives. To date, only £251,000 has been spent, however, the remaining £55,000 is required to continue the work of the fuel poverty officer in 2013/14.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Community Engagement (under review). Use of the reserve should be accompanied by a report to the Executive providing details of the circumstances giving rise to the need for support to be provided by the Reserve.

(iii) Future of the Reserve

This reserve is still required to meet the requirements for the fuel poverty programme.

5.5 TRANSFORMATION RESERVE

(i) Purpose of the Reserve

This reserve holds the balance available to fund any one-off transformational costs.

(ii) How and When Reserve can be used

Management of the reserve rests with the Chief Executive, but approval to release funds can only be given by the Executive.

(iii) Future of the Reserve

This reserve is still required to meet the potential liabilities from the transformation programme.

5.6 WELFARE REFORM RESERVE

(i) Purpose of the Reserve

This reserve was established to meet potential future costs arising out of changes in the Welfare Reform Agenda including the introduction of the Universal Credit.

(ii) How and When Reserve can be used

Management of the Reserve rests with the Director of Community Engagement (under review) with the use of the Reserve requiring Executive approval.

(iii) Future of the Reserve

This reserve is still required to meet the potential liabilities from the changes in welfare reform

5.7 LICENSING RESERVE

(i) Purpose of the Reserve

This is a ring-fenced surplus carried forward to fund future year's expenditure.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Resources (under review). Approval to release funds from the reserve can only be given by the Executive of the Council.

(iii) Future of the Reserve

This reserve could be released, but any requirement to fund expenditure would require a call on council reserves in order to meet these obligations. It is therefore recommended to maintain this reserve.

5.8 BUILDING CONTROL RESERVE

(i) Purpose of the Reserve

This reserve accumulates the funds from the Building Control function, a statutory ring-fenced service, which must break-even over a rolling 3-year period. Any surplus generated must be spent on improving service delivery.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.

(iii) Future of the Reserve

This reserve is still required.

5.9 CREMATOR REPLACEMENT RESERVE

(i) Purpose of the Reserve

This reserve has been established to hold the environmental surchages levied per cremation as per 2011/12 Charges Review reports in order to build up a fund for the replacement of the cremators in the future

(ii) How and When Reserve can be used

Management of the report rests with the Director of Local Environment but approval to release can only be given by the Executive

(iii) Future of the Reserve

This reserve is still required in order to build up funds for the replacement of the cremators.

5.10 CONSERVATION FUND

(i) Purpose of the Reserve

The Conservation Reserve is a revolving conservation fund, set up by the Council in 1994. The purpose of the fund was to purchase historic buildings at risk, repairing and improving them if necessary with the help of a local building preservation trust and, on the sale of the property, using the money to reimburse the fund. Recently the fund has been used to carry out remedial works to the Central Plaza Hotel building.

(ii) How and When Reserve can be used

Management of the fund rests with the Director of Economic Development, with any spending from the fund subject to Executive approval.

(iii) Future of the Reserve

This reserve is still required.

5.11 LSVT WARRANTIES

(i) Purpose of the Reserve

This reserve was set up following LSVT in December 2002. Its purpose is to meet any claims arising from the breach of any environmental and non-environmental warranties given at the time of the transfer in years 13 – 25 following the expiry of the period that such claims have been covered by appropriate insurance provisions.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Resources. The reserve is only able to be used to meet defined costs and is not available for general use by the Council. Approval to release funds from the reserve can only be given by the Council.

(iii) Future of the Reserve

To date there has been no call on this reserve. It is therefore proposed to release this reserve to General Fund balances, but if any future claims are made these would need to be met as a supplementary estimate from General Fund balances as and when they arise subject to Council approval.

5.12 LANES CAPITAL FUND

(i) Purpose of the Reserve

The Lanes Capital Fund was established under the terms of the original agreement whereby the Council was permitted to charge up to 1% of capital expenditure to the gross rent account as a permitted deduction. This annual amount has created a Reserve from which the Council's share of any exceptional expenditure required on the Lanes could be met in future years. Under the terms of the new lease agreement, any requirement to fund up to the first 1% of capital expenditure will fall on the Council's partner and the Council's permission (not to unreasonably refused) would be required to spend in excess of 1%. The Council would ultimately meet its share of any further exceptional expenditure through a lower rent distribution for that year. Given this situation it is considered prudent to continue to set aside the annual contribution to meet any future liability.

(ii) How and When Reserve can be used

Management of the Reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.

(iii) Future of the Reserve

This reserve is still required.

5.13 CLL RESERVE

(i) Purpose of the Reserve

To provide funds to purchase equipment from Carlisle Leisure Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Community Engagement (under review) and can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.

(iii) Future of the Reserve

As the CLL contract is due to terminate in 2017, this reserve is still required. Discussions are ongoing with CLL to determine the current value of equipment should the contract not be re-let and the Council is left with an obligation to purchase.

5.14 ASSET INVESTMENT RESERVE

(i) Purpose of the Reserve

To provide resources to purchase properties and fund associated revenue costs and to provide resources for investment in the Council's industrial estates to ensure rent yields are maintained/ increased.

(ii) How and When Reserve can be used

Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.

(iii) Future of the Reserve

This reserve is still required.

6. CONSULTATION

6.1 This report will be considered by Resources Overview and Scrutiny Panel on 28 November 2013.

7. CONCLUSION AND REASONS FOR RECOMMENDATIONS

7.1 The Executive are asked:

(i) To consider the level and type of reserves held by the Council, noting their designated use as outlined in Section 5, and;

(ii) To approve, for recommendation to Council, the release of the LSVT warranties reserve to the General Fund Reserve.

Contact Officer: **Steven Tickner** **Ext: 7280**

Appendices attached to report:

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance – The Council is required to have a balanced budget and the Authority should take account of the advice of its appointed s151 Officer. The Chief Finance Officer is required, by s25 of the Local Government Act 2003, to report to the Council on the robustness of estimates and also on the adequacy of proposed financial estimates.

Local Environment –

Resources – contained within the main body of the report

Report to Council	Agenda Item: 18(i)

Meeting Date:	10 September 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	Yes: Recorded in the Notice Ref:KD10/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	MTFP 2014/15 TO 2018/19
Report of:	DIRECTOR OF RESOURCES
Report Number:	RD36/13

Purpose / Summary:

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

Recommendations:

The Council is asked to approve the Medium Term Financial Plan for the period 2014/15 to 2018/19.

Tracking

Executive:	**5 August 2013**
Overview and Scrutiny:	**29 August 2013**
Executive:	**2 September 2013**
Council:	**10 September 2013**

CARLISLE CITY COUNCIL

MEDIUM TERM FINANCIAL PLAN
2014/15 to 2018/19

SEPTEMBER 2013

CONTENTS

POLICY AND CONTEXT

1.1 Purpose

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

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities,
- Guide and be informed by Directorate and other relevant strategies and plans of the authority, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan,
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary,
- Manage performance management and decision making procedures to help achieve the best use of available resources,
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges.
- Review the policy over the level of reserves held by the Council,
- Set out processes to monitor and evaluate proposed and actual spending to ensure that value for money is obtained.

The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -

- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
- Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government
- External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
- Partnership working and funding opportunities will be explored wherever feasible.
- The projected budget deficits in later years will be addressed by the approved Savings Strategy

1.2 Government Policies

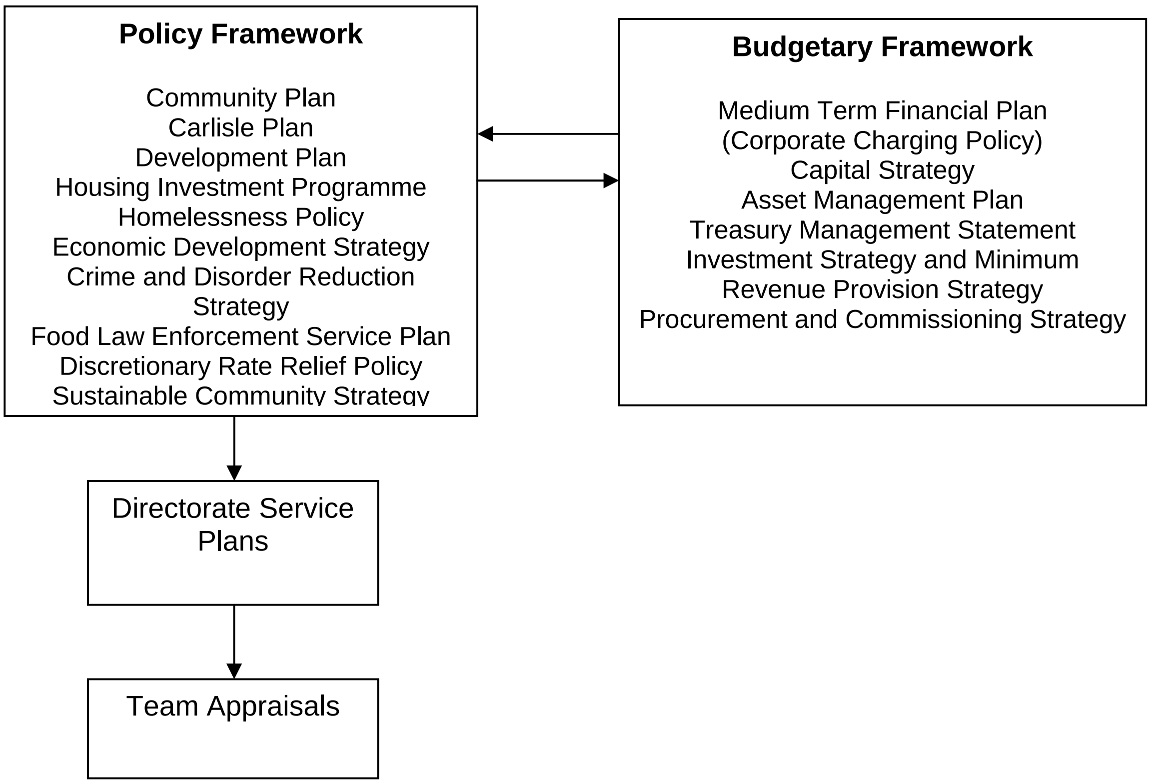
Nationally, the Government sets out policy which can result locally in the Council having to provide additional resources to meet nationally set targets, often without corresponding increases in grant assistance. Some initiatives do receive grant assistance, but for a limited period only, resulting in spending pressures for the Council when grant stops and the service needs to be maintained. This situation can only be resolved by the Council absorbing these new policy initiatives and meeting the cost from redirection of existing resources.

1.3 The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

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

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

1.4 Budget Priorities and Budget Allocations

Financial resources and performance are linked to the existing Council priorities;work has commenced on providing links to the revised priorities as set in paragraph 1.3 above, in terms of determining service objectives for each priority. The aim of this process is to see if the Council's budget is being used to best effect, and in accordance with priorities, and identify where additional resources may be required to improve performance and to achieve the Council's future aspirations in accordance with the transformation process. Conversely it may also be possible to reallocate resources from services which are not performing satisfactorily, and which may also be of a lower priority, to high priority areas which need greater support.

1.5 Performance Review

This process allows outturn expenditure and outcomes to be measured against budgeted expenditure and targets.

Currently, out-turn expenditure is measured against budgeted expenditure as part of the final accounts process and outcomes are measured against targets via the performance management framework. Financial data continues to be recorded on the Council's performance monitoring system, Covalent. The quarterly budget and performance monitoring reports are considered by Officers and Members to monitor progress throughout the year.

The integration of performance and financial information has been vital to the development of Value for Money profiles. These profiles are being used to challenge the current service delivery models as we interrogate the costs and outcomes associated with our services.

FORECASTING RESOURCES AND COMMITMENTS

Forecasting is the mechanism by which the Council obtains a firm indication of the level of funding available in future years and matches this to known and anticipated commitments.

2.1 Current Budget Forecast

The Council has well established mechanisms in place for forecasting resources and expenditure commitments over a five-year planning period. Projections will inevitably change over the period of the plan and will be kept under review. Factors affecting the assumptions made are set out in further detail in the MTFP.

The Council approved the current forecast for the period 2013/14 to 2017/18 on 5 February 2013 and this is shown in Appendices A to C as follows:

Appendix A – Summarises the net budget for the five years (£13.453million for 2013/14) approved for Council Tax Purposes by Council on 5 February and provides a forecast to financial year 2017/18. Indicative figures have also been included for 2018/19.

Appendix B – Provides an indicative forecast of how the projected gross budget (£59.949million in 2013/14) will be financed over the same period.

Appendix C – Analyses the Gross budget over main spending headings (only for 2013/14 as future years are not available).

2.2 Budget Surplus/Deficit Forecast

The current medium term financial projections indicate adequate Council reserves from 2013/14 due to the outcomes of the transformation process.

The amount approved by Council in February 2013 as part of the budget process, to be taken from/added to Council Reserves to support Council spending, updated by the outturn report approved in June and other adjustments approved to date, is set out in the Table below:

Year	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Total (Contribution From / (to) Reserves) £000
2013/14	(1,806)	1,560	677	**431**
2014/15	(602)	160	19	**(423)**
2015/16	(868)	0	0	**(868)**
2016/17	47	0	0	**47**
2017/18	840	0	0	**840**
2018/19	1,451	0	0	**1,451**

In order to address the forecast budget deficit position the Council has embarked upon a significant programme of service reviews, incorporated in the transformation agenda, to mitigate the impact on Council reserves.

There are remaining risks to the budget as set out in the budget resolution particularly in achieving the savings proposals approved. As in previous years, additional savings will need to be identified both to meet the projected shortfall and new budget pressures and also to continue support for initiatives and redirect resources to priority areas as well as increasing reserves to their minimum levels (£2.6million). The savings strategy is set out in more detail below and will ensure that in the medium term the Council complies with its policy of not meeting recurring expenditure from Council Reserves.

2.3 Efficiency and Savings Strategy

A strategy to identify recurring budget savings and service efficiencies was approved by Council on 5 February 2013 as part of the budget resolution. The strategy will deliver savings and efficiencies for the 2013/14 budget and will concentrate on the following areas:

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Additional Savings to be found	**1,534**	**0**	**839**	**0**	**0**

The 2013/14 budget indicated that the additional savings to be found will concentrate on the following areas to deliver the savings required to produce a balanced longer term budget, however, the exact work programme will be dependent on progress with the Transformation Programme.

- Asset Review – this will focus on producing a Development and Investment Plan for the City Council's property portfolio with the aim of delivering additional income or reduced costs on a recurring basis.

- Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
- As part of the transformation programme 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 are properly aligned to what the Council wants to achieve.

2.4 Significant Budget Issues

A number of high impact pressures on the Council's budgets have been identified and these are shown below. The impact of these potential revisions (some positive) will be further analysed and reported throughout the budget process and revisions made to current budget deficit projections as required:

- Government Grant Reductions (Further 10% from 2015/16)
- Revised Transformation targets
- Capital Programme - longer term priorities and revenue implications especially Vehicle Replacements
- Shortfalls in income from Lanes and other Sources, e.g. Car Parking and Planning Fees
- New Homes Bonus grant
- Effect of Localisation of Council Tax Benefit Grant and Business Rates Retention
- Implementation of the Universal credit
- Public Sector Pay Freeze
- Council Tax Capping and Referendum
- Pension and National Insurance Changes

2.5 The Capital Strategy

At the same time as the revenue budget is approved in February each year, the Council also approves its capital programme. The proposals for capital investment, together with the level of resources available to support the programme, are contained within the **Capital Strategy,** which provides guidance on the Council's Capital Programme and use of capital resources.

There are links between the capital programme and the revenue budget, as capital projects very often result in revenue costs e.g. to provide running costs for new facilities. These costs are reflected in the existing budget of the Council.

2.6 Sensitivity Analysis

2.6.1 Financial Impact

The MTFP makes a series of forecasts about the future financial requirements of the Council. This is inherently a risky business and there will inevitably be some variations from these forecasts as time passes by. The following table assesses the potential cost or benefit of a variation of 1% in the major costs and income contained within the Plan.

Description	Base for Calculation £000	1% Variance £000
Pay Awards	18,145	181
Supplies & Services	4,576	46
Council Tax	(5,959)	(60)
General Inflation (currently 2.8%)	9,357	94
Income from Fees and Charges & Receipts	(11,948)	(119)
Investment Interest - Movement in Rates	(25,000)	(250)

2.6.2 Population Impact

The resources of the Council are also affected by the demands of its customers. Over the next few years the population of the Council area is expected to grow by 0.1% per annum. The Council will therefore be expected to provide additional services to meet the needs of its growing/ageing population.

In 2013/14 the cost of providing Council services equates to a cost per head of population of £124.39, based on a population forecast of 108,144. A 1% increase in the Council's population would broadly equate to a further £135,800 needed to be raised to provide Council services at existing levels, which would equate to an increase in Council Tax of £4.37.

EXTERNAL FACTORS INFLUENCING THE MTFP

3.1 Economic Factors

3.1.1 State of the Economy

The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will play a pivotal role in determining how much the economy grows over the coming years. Whilst economic growth remains flat, the Council may find it will be difficult to increase income levels e.g. Car Park income. Treasury Management income will also be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to reductions in banking credit ratings. The impact of increased costs is detailed in the sensitivity analysis section of the MTFP. The effects on the MTFP of any changes to the state of the Economy will need to be closely monitored in the short term in order to react effectively to changing situations. The MTFP currently assumes that the economy will show signs of recovery from 2014/15, with income projections increasing. However, if this does not occur as expected, further pressures may be placed on the revenue budget to meet any ongoing shortfalls.

3.1.2 Inflation

Inflation levels as at May 2013 were 2.7% for CPI (Consumer Price Index) and 3.1% for RPI (Retail Price Index).

As far as the City Council is concerned, inflation adds to the pressure on its finances if pay settlements and other costs exceed the estimates incorporated in the Council's budget. The Government has announced in the Budget and Spending Review that there will be a Public Sector pay freeze for two further years. It is anticipated that local government pay will mirror national public sector positions. The current MTFP includes pay award increases of 1.5% in 2013/14 and 2.5% in 2014/15 onwards. If any pay award is lower than these forecasts then the amount can be factored into the MTFP as potential savings, offsetting any additional cost pressures.

In terms of treasury management, the Council's borrowing costs are fixed until 2020 due to the long term fixed rate nature of its current external loans. Investment income is more related to movements in the base rate and other short term interest rates. Raising such rates is seen as one of the primary means of controlling inflation and the Monetary Policy Committee's primary remit is to control inflation. The base rate is at 0.5% and investment rates are now not far above this level meaning that investment income is significantly below that of previous years and is likely to remain so for some time to come. The Councils record over the past couple of years whilst interest rates have been so low has been good with average yields being around 1.51%. It will be very unlikely that this average yield can be continued however, as banks access to cash though the Bank of England has reduced their desire to offer generous investment returns. The Council takes a managed view of the exposure to risk associated with obtaining this level of return and seeks to ensure that its investments are in line with the policies set out in the Treasury Management Strategy Statement.

3.2 Government Policies and Initiatives

3.2.1 Government Spending Review and Local Government Finance Settlement

Spending Review
The overall amount available for distribution to Local Government is determined by the Government's Spending Review, in which the Government decides how much it can afford to spend, reviews its expenditure priorities and sets targets for improvement.

For 2013/14 onwards reductions in Formula Grant have been included that see the grant received by the Council reduce. The Spending Review in June 2013 indicated that Local Government funding in 2015/16 would reduce by a further 10%. Any further reductions to the levels currently included in the MTFP will be additional pressures that will need to be funded by the Council. Further reductions in formula grant funding are anticipated in future years.

	RSG £000
2013/14	4,147
2014/15	3,120
2015/16	2,667
2016/17	2,539
2017/18	2,345

The current assumptions for population and Council Taxbase are set out below. (The Taxbase relates to the equivalent number of Band D properties in the area)

	2014/15	2015/16	2016/17	2017/18	2018/19
Taxbase - For Grant Settlement (From RSG Settlement)	34,957.00	34,957.00	34,957.00	34,957.00	34,957.00
Taxbase - Council Calculation for Tax Setting (0.279% growth)	30,894.00	30,980.20	31,066.63	31,153.31	31,240.23
Population - RSG Settlement*	108,144	108,144	108,144	108,144	108,144

* Population figures are shown based on those used for the RSG settlement. Population growth figures highlighted at paragraph 2.6.2 may adjust these estimates once new RSG settlements are announced.

The Council taxbase (equivalent number of Band D properties) for tax setting purposes is different from the taxbase used in the Grant settlement as it takes into account growth in taxbase during the year, reduced second homes discount and losses on collection (1.5%). If the actual growth in the taxbase, or council tax collected during the year, is higher or lower than predicted, the resulting effect on the Council Tax income is adjusted as part of the Council Tax surplus/deficit calculation undertaken annually on January 15th, and adjusted in the following year's Council Tax.

3.2.2 Council Tax

Council Tax for 2013/14 continued to be maintained at 2010/11 levels through assistance received from Government and use of Council resources.

The Council's policy on taxation levels is that these should be set wherever possible at fair and reasonable levels and that the Council Taxpayer should not automatically bear the largest burden for any additional spending that may be required by the authority. This policy was set following the extensive budget consultation exercise undertaken as part of the 2004/05 budget process.

The City Council has been successful in avoiding a Council tax increase for 2013/14. For planning purposes the figures included in the Medium term Financial Plan assumes an annual increase in Council Tax of 2.6% (or £4.99) in 2014/15 then 1.99% thereafter. This will however be subject to review during the annual budget process, and will be particularly dependent on annual Government funding levels and future spending pressures. A 1% change in the level of council tax will impact on the budget by £67,000. (i.e. £133,000 per annum based on 1.99% MTFP profile).

3.2.3 Local Government Finance

There have been significant changes in the allocation of Local Government funding for 2013/14 that could have significant implications in future years.

Council Tax Benefits Localisation
The localisation of Council Tax Benefit has seen reductions in the amounts awarded to individual authorities for the provision of Council Tax benefit to residents. The Council chose to absorb the reduction in funding as part of its 2013/14 budget process, however, any significant deviation in Council Tax Benefit claims from those initially estimated could increase the impact of this funding reduction on the Council

Localisation of Business Rates
The Council is now operating under the Localisation of Business Rates scheme whereby it has the opportunity to keep a proportion of growth in the Business Rate income generated in the area. The Government set a baseline figure as part of the 2013/14 formula funding settlement, and any growth over this level is shared 50/50 between central government and local government (City Council share is 40% and County Council share is 10%).

Opportunities therefore exist to increase the amount of funding the Council receives, but similarly any falls in Business Rates Income could pose funding problems although the system has floors in it to prevent significant losses in funding.

3.2.4 Specific Grants

Income from Specific Grants meets just over 50% of the Council's spending. The bulk of this is in respect of grants to meet rent allowances, which meets nearly 100% of the total cost of providing these benefits by the Council.

Maximising income from grants and external funding sources continues to be a key priority for the Council. The difficulty with some specific grants however is that they can be time-limited with the amount granted often difficult to predict and plan for. Often when grants are reduced, this results in either a bid for additional funding through the budget process to preserve services or the need for further savings being identified to cover the loss of grant.

For the purposes of the MTFP, where changes to grant regimes and external funding are known, these have been incorporated into the financial projections. The potential for further changes is recognised in the risk assessment attached to the Plan. Details on some of the major grant streams is shown below:

Welfare Bill including Housing Benefits

The Government has announced that there will be significant changes to the Welfare State as part of the current Parliament and this will involve radical changes to the way benefits are managed and distributed.

There will be significant changes to the way Carlisle City Council manages these benefits, with Council Tax benefit likely to be set under local parameters (as highlighted above) and housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2013 and 2017).

Housing Benefit Admin Grant is likely to reduce over the life of the MTFP and reductions were built into the budget process for 2013/14 to try and mitigate the effect of this, however, further reductions will occur with the downsizing of housing benefit administration.

3.2.5 Other Government Initiatives

Housing

Grants for specific Housing related services have reduced significantly. Support for Disabled Facilities Grants is included at £663,000 from Central Government for 2013/14 onwards. However, the spend on Disabled Facilities Grants exceeds this, and the Council approved an additional £200,000 per annum included funded by Council resources to support DFG's.

New Homes Bonus

The Government announced as part of its Comprehensive Spending Review in 2010 that there would be additional funding provided based on the level of anticipated New Homes to be built or existing homes brought back into use within a Local Authority Area. The amount would be based on the amount of additional Council Tax that would be generated from the New Homes and would be available for a period of 6 years. The Council received £243,000 in 2011/12, £408,000 in 2012/13 and a further £388,000 for 2013/14. The 2014/15 allocations will not be known until December 2013. However the DCLG has advised that the overall pot will be reduced by £400million from 2015/16.

Pension and National Insurance Changes

As part of the Governments 2013 Budget, an announcement regarding the scrapping of the lower National Insurance rate for employees and employers who have opted out of the State Second Pension Scheme (SERPS). This will result in additional employee and employer National Insurance contributions being required and this could cost the Council approximately £250,000.

There is also potential additional pension costs arising out of the Auto-Enrolment initiative, where all employees are automatically enrolled in the pension scheme, and have the option to opt-out. At this stage it is unknown what the impact of this will be and how many employees, who are currently not enrolled, will choose to opt out once they have been automatically enrolled.

The actuarial revaluation of the pension fund will be effective from 1 April 2014 with potential revenue pressures on the Council's budget; however the cost could be mitigated by changes to the recovery period.

3.4 Minimum Revenue Provision (MRP)

The MRP represents a provision that the Council must make to fund the repayment of external debt. As capital cash is utilised in providing the Councils capital programme the MRP is rising each year. This factor is also incorporated within the MTFP forecasts within overall Treasury Management costs. The Council will continually review its MRP Strategy and choose the option for charging MRP that is most beneficial at that particular time.

Any future capital projects will need to be evaluated for their effects on potential MRP charges either through the continued use of capital receipts or through prudential borrowing.

INTERNALLY DETERMINED FACTORS INFLUENCING THE MTFP (Subject to review July – Nov 2013)

4.1 Inflation

Taking into account current economic forecasts the Council has to make assumptions on the level of inflation to be included in the forward projections within the MTFP. The measure to be used for inflation in the MTFP is CPI (i.e. excluding housing costs) and this is currently running at 2.7%.

There is an inevitable degree of uncertainty surrounding inflation projections. However, for the five -year period under review, a CPI inflation rate of 2.8% has currently been assumed. It is anticipated that as part of the budget process that the level of inflation built into the Medium Term Financial Plan can be reviewed to see if inflation is required to be applied to all items of expenditure and whether different rates can be used for different items.

Individual spending heads have also had different inflation projections attached and these are detailed further below.

4.1.1 Pay Costs

In 2013/14, the Council is expecting to spend £18.1million on employee related costs and this represents approximately 60% of the cost of running the Council, excluding the cost of housing benefits.

Changes to pay costs will have the single biggest impact on the Council's budget. To offset the natural increases in pay costs, the Council has approved a policy to include a saving in its budget to reflect staff turnover.

The forecasts in the MTFP for pay costs have been calculated using the following assumptions: -

- A provision for basic pay increase of 1.5% p.a. (since reduced to 1%) for 2013/14 then 2.5% p.a. thereafter.
- The cost of increments is now considered to be minimal due to low staff turnover levels and the majority of staff having now progressed to the top of their grade.
- Staff turnover will remain at around 3% of gross salaries. The budget provision for 2013/14 has been set at £242,500.

4.1.2 General Inflation

The Council applies a policy of applying a general inflation increase to all running costs in its budget. The inflationary increase for the 5 years of the MTFP is based on the annual Consumer Price Index, which is currently running at 2.7% per annum (May 2013), although the current MTFP still assumes an inflation rate of 2.8%. An exercise is carried out as part of the budget cycle to examine the level of inflation that needs to be applied to different types of expenditure. Inflation forecasts are expected to be above 2% over the period of the MTFP. A 1% movement in the inflation rate would currently equate to £94,000 if applied to all general supplies and services expenditure

4.1.4 Investment Income

Treasury management is a field that has its own dynamics many of which, most obviously the level of short-term interest rates, are outside the control of local authorities. Projections of interest rates and investment income yields accruing to the City Council must always be viewed in this context.

When the budget for investment income in 2013/14 was set last autumn, it was based upon achieving an estimated average yield of 1.5% which reflected the benefit of investments placed in Government backed banks. Bank base rates continue to be held at 0.5% while actual money market yields from new investments are currently running at 0.8-1.1%. The latest forecasts of interest rate movements provided by our treasury management consultants, Sector, indicate base rates will remain at this level throughout most of 2013/14 and only starting to climb into 2015 although such a forecast must be viewed with caution. These movements will affect the interest returns earned by the Council quite significantly. As in previous years, these projections are subject to regular review and amendment in the light of money market conditions.

The achievement of levels of investment income is dependent not only on interest rates but also on the authority's anticipated pattern of cash flow. Taking account of both these factors, the estimated investment income built into the current MTFP, are as follows:

	Average Rate Expected	Current MTFP
2013/14	1.73%	473,091
2014/15	2.23%	823,021
2015/16	2.85%	1,085,870
2016/17	3.35%	971,118
2017/18	3.85%	1,103,607
2018/19	4.35%	1,259,975

The availability of investment interest rates over 1% for 12 month investments is now very much a rarity and this will have a significant impact upon the investment returns currently included in the MTFP and could lead to significant budgetary pressures. The interest assumed to be achieved above includes interest from the investment of £15million of capital receipts from the sale of assets not reinvested in new assets but invested in the money market instead.

These projections are reviewed on a quarterly basis in the context of both money market conditions and anticipated cash flow.

As well as interest rates, the biggest contributing factor to Treasury Management costs is MRP, and as capital balances are diminished, MRP will continue to rise, unless new capital receipts can be generated.

4.2 Spending Pressures and Savings

As part of its budget process, service departments are required to identify high priority spending pressures and identify savings to meet those pressures. These proposals are then subjected to a detailed appraisal process and those approved are included in the forthcoming year's budget.

Details of all spending pressures and savings affecting services in 203/14 are shown in detail in the budget resolution and are summarised below:

	2013/14 Original £000	2013/14 Revised £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring Spending Pressures	589	589	545	923	1,015	1,123	1,123
Recurring Spending Reductions	(1,501)	(1,501)	(855)	(1,368)	(1,336)	(1,340)	(1,340)
Non-Recurring Spending/(Saving)	**(912)**	**(912)**	**(310)**	**(445)**	**(321)**	**(217)**	**(217)**
Non-Recurring Pressures							
- Existing	766	0	0	0	0	0	0
- New	1,091	293	0	0	0	0	0
Carry Forward Requests	0	677	19	0	0	0	0
Use of Reserves	0	0	0	0	0	0	0
Non Recurring Reductions	(297)	(297)	(133)	0	0	0	0
Net Non-Recurring Spending/(Saving)	**1,560**	**673**	**(114)**	**0**	**0**	**0**	**0**

These proposals form the basis of the 5-year projections contained within the MTFP. As can be seen from the table above, the Council has been successful in identifying recurring savings to redirect to priority spending areas.

4.3 Asset Management

The Council is required to draw up an Asset Management Plan (AMP) to ensure that the Council's property is maintained in a good condition, is suitable for purpose and that sufficient resources are available to meet maintenance costs. The AMP recognised a maintenance backlog of some £5.2 million. The level of repairs and maintenance in the Council's budget is subject to an annual repair and maintenance programme with bids for structural maintenance and disabled adaptations included within the capital programme.

4.4 Income

The City Council's revenue budget is heavily dependent on the income it generates, with 20% of the gross budget coming from this source. The main areas are:

4.4.1 Fees and Charges for Services

Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix D** 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. In the past the income target has been set at 1% above the inflation rate, however the revised guidance strengthens the recognition that there will be different priority objectives for each income area and that for some areas maximising income may not be the key priority. Each charges review undertaken as part of the budget process must clearly set out the overall policy objective. In the past two years, increases in charges have not always resulted in expected income yields and projections are monitored carefully. Nevertheless the current MTFP assumes an overall increase in income from fees and charges of 3.8% p.a.

4.4.2 Significant Income Streams – further actions will need to be taken to account for the areas where income continues to be generated at less than the budget. The 2013/14 Charges Review will further consider this issue.

	2010/11 Actual £	2011/12 Actual £	2012/13 Actual £	2013/14 Budget £
Cemeteries & Crematorium	1,043,516	1,067,541	1,145,021	1,125,100
Development Control	491,230	414,707	589,762	545,800
Building Control	369,631	259,469	278,615	331,800
Land Charges	159,531	153,730	156,025	165,700
Parking	1,265,708	1,236,682	1,107,563	1,299,200
Total	**3,329,616**	**3,132,129**	**3,462,100**	**3,467,600**

The income from **Parking** has been declining steadily over the past few years, and steps were taken to reduce the income targets.

4.4.3 Property Rentals

Income received from property rentals is in the region of £5 million per annum. The Council has established an Asset Disposal Reserve for its property portfolio to ensure that the quality of its industrial estates and other commercial properties is maintained, thereby preserving the level of income generated by these assets.

The forecast yield from property rentals over the period 2013/14 to 2017/18 and included in the MTFP is shown in the following table: -

Description	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
The Lanes (See Paragraph below)	1,383	1,522	1,660	1,660	1,660
The Market	132	132	132	132	132
Industrial Estates (+2% p.a)	2,723	2,778	2,833	2,890	2,948
Miscellaneous Properties (+2% p.a.)	368	376	383	391	399
Total	**4,607**	**4,807**	**5,009**	**5,073**	**5,139**

The Council has an agreement with the managing agents of the Lanes development whereby the Council receives a proportion of the total rental income. The budgeted income is included in the MTFP at £1.383m. Receiving Equity rental now means that the rental income received is subject to fluctuations in the performance of the Lanes and in periods where there are a lot of voids, income may be lower than that forecast. The situation is monitored via Management Reports received from the Managing Agent. The budget was reduced for 2012/13 as the income had fallen from previous levels due to discounts being granted to fill vacant units. The MTFP assumes that this will only be short term and that income will return to normal levels after 2014/15. If this is not the case then there will be additional pressures required on the MTFP.

The Asset Management Plan provides advice on how the Council can use its land and property portfolio to ensure that it achieves best value and delivers cost-effective services.

4.4.4 Council Tax Income

Based on the Council Tax base projected for 2013/14 and an assumed annual growth of approximately 0.279% in the base over the next five years, a 0% increase in 2013/14 and 2.6% increase in 2014/15 and 1.99% thereafter in Council Tax per annum will provide additional resources over the period 2013/14 – 2018/19 as follows: -

Year	Council Tax Band D £	Tax Base Projections	Yield £	Annual Increase £
2013/14	193.43	30,808.05	5,959,201	
2014/15	198.42	30,894.00	6,129,987	170,786
2015/16	202.39	30,980.20	6,270,083	140,095
2016/17	206.44	31,066.63	6,413,395	143,312
2017/18	210.56	31,153.31	6,559,641	146,246
2018/19	217.93	31,240.23	6,808,183	248,542

4.5 The Capital Programme

The revenue implications of capital spending are identified in the project appraisal process to ensure that the full cost of any proposals for capital investment can be included in both the revenue and capital budgets of the Council. The budget projections therefore include an assessment of the revenue costs of existing capital projects.

The level of resources used to finance the capital programme, either from capital receipts, reserves or grants, has a direct bearing on the revenue budget as it reduces the amount of money the Council has to invest, thereby reducing its investment interest. The assumption made here is that the effect of the capital programme on investment levels will be broadly neutral, effectively meaning that the Council will only spend the capital resources it receives in any one year.

4.5.1 Prudential Borrowing

Nearly all formal controls on borrowing by local authorities have been relaxed since the introduction of the Prudential Code in April 2004. Furthermore, in 2013/14 the City Council received a capital grant of approximately £0.66m towards its capital programme. This system of providing support via a capital grant is expected to continue in the period covered by the MTFP.

Given the level of other resources available to the Council, particularly the balance of unapplied capital receipts, to fund the present programme, it has been assumed that there could be a potential shortfall in resources that would lead to a borrowing requirement in funding the Council's capital expenditure in the next five years. Any prudential (or unsupported) borrowing should be supported by a robust business case but for the time being other sources of capital finance are considered to be more economic and therefore more 'prudent'.

4.6 Reserves

It is the responsibility of the Director of Resources to advise the Council on policies and protocols in respect of the use and level of reserves that it should hold. This information is required to ensure that members are kept fully informed of the effects of their decisions on the reserves held by the Council. A revised set of policy guidelines and associated protocols is attached at **Appendix E.** One new reserve was approved to be established as at 31 March 2013 for Welfare Reform.

Minimum levels of reserves were reviewed as part of the 2013/14 budget process and the risk assessment identified that minimum levels could be maintained at £2.6million

The Council balances are set out in **Appendix F**. In order to maintain the financial stability of the Council, the fundamental principle on the use of Reserves and Balances is that they should not normally be used to fund recurring expenditure. Where they are, however, the usage should be explicitly stated, and steps taken to address the situation in following years.

BUDGET PROCESS

5.1 Budget Process

The Revenue Budget Process is the main mechanism in place for forecasting spending requirements and resources over a 5-year planning period.

The budget is drawn together from:

- a base budget requirement, which determines the cost of providing existing services,
- bids for additional resources, which are required to meet identified spending pressures that meet Council priorities,
- forecasts of income from fees and charges, linked to the Corporate Charging Policy,
- forecasts of grant income,
- to arrive at a level of Council Tax to be charged to residents.

This well-established mechanism results in the approval of the annual budget in February.

Within the process, there are a series of key tasks that must be carried out, as follows: -

(a) The base budget must be established, taking account of factors such as

- inflationary increases in pay and operating costs,
- shortfalls or reductions in budgeted income levels,
- the level of external funding through grants or contributions from the government or other bodies.

(b) Bids for additional resources must be submitted by November each year and be accompanied by a full financial appraisal setting out the business case for the additional resources requested. The financial appraisal is a key document as it will provide information on: -

- the Council priorities requiring the resources,
- the consequences of not providing the resources,
- options considered to meet the pressure from within existing resources before arriving at the decision to bid for additional resources,
- the full cost of the bid over at least a five-year period to reflect any potential growth or reduction in costs over the period,
- any income that could be potentially generated to offset the cost of the bid,

Members will decide which bids will be supported following the outcome of the financial appraisal.

(c) The revenue effects of any capital investment proposals must be identified and incorporated into the revenue budget.

(d) Savings and efficiency proposals, which again must be accompanied by a full financial appraisal, must be submitted by November each year. Members will decide on the proposals to be taken forward following the outcome of the financial appraisal.

(e) Changes to Council priorities which require the redistribution of resources must be identified,

(f) The level of support provided by the Government through the Revenue Support Grant needs to be incorporated into the MTFP.

The potential financial impact of the new budget discipline is not currently wholly reflected in the MTFP, as in some cases it represents the first stage in assessing the options available to the Council to bridge the likely budget deficit over the next five years.

5.2 Consultation

The Executive approves its draft budget proposals in December each year. There then follows a formal consultation period (usually 4 weeks) when any interested person can submit their views on the proposals to the Council. This can be done by post, telephone or on-line through the Council's web-site.

In addition, formal consultation meetings are held with:

- The Large Employers Affinity Group (to include any Non Domestic Ratepayers)
- Trades Unions

The Council's Resources Overview and Scrutiny Panel also have a role in scrutinising the budget proposals.

The Executive considers feed back from the consultation process, before making its final recommendations to Council in February each year.

The Council has a Consultation Policy and is a member of Community Voice, a Cumbria wide collaboration of District Councils, Cumbria County Council, the police and PCT that consults local people regularly on their views with the intention of improving services. The results of the consultations inform policy development and feed into the Carlisle Plan, MTFP and other individual service plans.

5.3 Value for Money

The Council is committed to a continuous programme of service improvement. The new budget discipline being developed will challenge how services are delivered across the Council to improve efficiency and deliver improved value for money. The Council has adopted a series of mechanisms to assess how it is performing in this area and these are being developed to include:

- Improved financial and service planning over both the short and long term,
- Involving and consulting customers about the way services are provided to see if they meet customer aspirations,
- Supply and demand analysis,
- Customer satisfaction surveys, focus groups and user groups,
- Performance management, benchmarking and the adoption of best practice in service delivery,
- Service reviews, including developing efficiency targets,
- Financial appraisal of projects taking account of quality, price and lifetime costs,
- Improved budgetary control mechanisms,
- Full risk assessments of proposals to change service provision,
- Attracting as much external investment as possible so the Council's resources go further,
- Member involvement through the Audit Committee and Overview and Scrutiny Panels,
- The adoption of shared services, where this is proven to benefit the Council both financially and in the quality of service delivery.

RISK ASSESSMENT

There are a number of inherent risks in the strategy as proposed and these are identified in **Appendix G**. It is the responsibility of the Director of Resources in conjunction with other Directors to ensure that these risks are properly managed and risk mitigation measures taken where necessary.

Individual responsibilities are set out in the Financial Procedure Rules.

SUMMARY

The purpose of the MTFP is to provide members with forecasts of the likely financial position of the Council over the next five years to enable informed decisions on actions needed to achieve financial stability within agreed Council policies.

The MTFP presents a snapshot of the current financial position and will inevitably change over time. This will be monitored and reported throughout the year. The ultimate aim of the MTFP is to help members to make more informed financial decisions and therefore contribute to an improvement in its use of resources.

APPENDIX A

Carlisle City Council – Current Financial Projections for the period to 2018/19

2013/14 Budget £000	Summary Net Budget Requirement	2014/15 Proj'd £000	2015/16 Proj'd £000	2016/17 Proj'd £000	2017/18 Proj'd £000	2018/19 Proj'd £000
	Projected Resources					
(5,959)	Council Tax Income	(6,130)	(6,270)	(6,413)	(6,560)	(6,808)
(4,147)	Revenue Support Grant	(3,120)	(2,667)	(2,539)	(2,444)	(2,345)
(2,913)	Redistributed NNDR	(3,003)	(3,093)	(3,186)	(3,281)	(3,380)
(35)	Estimated Council Tax Surplus	(35)	(35)	(35)	(35)	(35)
(399)	Parish precepts	(410)	(422)	(434)	(446)	(458)
(13,453)		**(12,698)**	**(12,487)**	**(12,607)**	**(12,766)**	**(13,026)**
	Recurring Revenue Expenditure					
12,107	Existing Expenditure	11,942	11,588	12,487	13,323	14,182
589	New Spending Pressures	545	923	1,015	1,123	1,123
(1,501)	Budget Reductions	(855)	(1,368)	(1,336)	(1,340)	(1,340)
11,195	**Total Recurring Expenditure**	**11,632**	**11,143**	**12,166**	**13,106**	**13,965**
	Non Recurring Revenue Expenditure					
766	Existing Commitments	0	0	0	0	0
1,091	Spending Pressures	293	0	0	0	0
(297)	Budget Reductions	(133)	0	0	0	0
0	Use of Earmarked Reserves	0	0	0	0	0
677	Carry Forward	19	0	0	0	0
13,432	**Current Revenue Expenditure**	**11,811**	**11,143**	**12,166**	**13,106**	**13,965**
452	**Parish Precepts**	464	476	488	500	511
13,884	**Total Revenue Expenditure**	**12,275**	**11,619**	**12,654**	**13,606**	**14,476**
(431)	**Contribution to/(from) Reserves**	423	868	(47)	(840)	(1,451)
13,453	**Net Budget for Council Tax Purposes**	**12,698**	**12,487**	**12,607**	**12,766**	**13,025**

APPENDIX B

Current Financing the Revenue Budget

Indicative forecasts of how the Council's projected gross budget will be financed for the period 2013/14 to 2018/19 are as follows: -

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Council Tax (incl. Parishes)	6,358	10.61	6,540	10.95	6,692	11.05	6,847	10.85	7,006	10.68	7,265	10.68
Formula Grant	7,060	11.78	6,123	10.25	5,760	9.51	5,725	9.08	5,725	8.73	5,725	8.41
Collection Fund Surplus	35	0.06	35	0.06	35	0.06	35	0.06	35	0.05	35	0.05
Net Budget for Council Tax Purposes	**13,453**	**22.44**	**12,698**	**21.25**	**12,487**	**20.62**	**12,607**	**19.99**	**12,766**	**19.47**	**13,025**	**19.14**
Grants and Contributions (assumed a 2.8% increase per annum)	34,117	56.91	35,072	58.70	36,054	59.55	37,064	58.76	38,102	58.10	39,168	57.57
Other Income (assumed a 3.8% increase per annum)	11,948	19.93	12,402	20.76	12,873	21.26	13,362	21.18	13,870	21.15	14,397	21.16
Reserves and Balances	431	0.72	(423)	(0.71)	(868)	(1.43)	47	0.07	840	1.28	1,451	2.13
Total Gross Budget	**59,949**	**100.00**	**59,749**	**100.00**	**60,547**	**100.00**	**63,080**	**100.00**	**65,578**	**100.00**	**68,042**	**100.00**

The use of Reserves and Balances varies from the Budget Resolution approved by Council in February 2013 as a result of the 2012/13 outturn position and the carry forward of £677,000 into 2013/14, and £19,000 to 2014/15

APPENDIX C

Subjective Analysis of the Forecast Gross Budget

The detailed subjective figures from 2013/14 will become available as part of the budget process.

Source	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Employees	18,145	30.27										
Premises	3,414	5.69										
Transport	1,367	2.28										
Supplies & Services	4,576	7.63										
Third Party Payments	3,924	6.55										
Transfer Payments	27,807	46.38										
Support Services (Net)	(2,772)	(4.62)										
Capital Financing	2,359	3.94										
Precepts	452	0.75										
Supplementary Estimates	0	0.00										
Carry Forward Requests	677	1.13										
Total Gross Budget	**59,949**	**100**	**68,561**	**0**	**69,294**	**0**	**70,675**	**0**	**73,362**	**0**	**76,042**	**0**

APPENDIX D

CORPORATE CHARGING POLICY 2013

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

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

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

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

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

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

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

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

4. Trading

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

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

5 Value For Money

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

APPENDIX E

Council Policy on the Level and Use of Reserves

1. General

1.1. Reserves generally will not be used to fund recurring items of expenditure, but where it does steps will be taken to address the situation.

1.2 Reserves will not become overcommitted.

1.3 The Council benefits from its level of reserves as it is able to: -

- Meet its capital programme obligations, without recourse to borrowing,
- 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.
- Benefit from significant income received from the investment of its reserves to contribute to the budget requirement of the Council, which is a key part of the Council's Treasury Management Strategy.

2. The General Fund Reserve

2.1 The balance on the General Fund shall broadly equal £2.6m. This figure is assessed taking into account the risks and working balances required, including investment income generated, it is considered prudent to leave the reserve at this level. A risk based assessment of the appropriate level of this reserve was carried out for the 2013/14 budget process and this is attached overleaf.

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

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

3. Earmarked Reserves

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

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.

4 Provisions

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

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.

6 The Responsibilities of the Director of Resources

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

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

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

RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	118	59	Assumed at 1% of Net Revenue Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	214	107	Estimate of 5% Charges Income forecasts for 2013/14
Underachievement of Investment Income	4	50%	250	125	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	170	128	Bellwin scheme cuts in at 0.2% of Net Budget (£28,800) and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	25%	25	6	Based on 5% of insurance premia payments
Fall in Rental Income from Property	6	75%	225	169	5% of Rental Income (assumed at £4.5m for 2013/14)
Transformation not met	1	25%	1,354	339	
Changes to existing government funding regimes	6	75%	218	164	Safety Net Threshold for Business Rates Retention Scheme
Additional Redundancy Costs	4	50%	200	100	Not met from Transformation Reserve
Dependence on reserves and general balances	3	50%	718	359	General Fund Reserve Balance - Audit Commission Guidance states prudent level is 5% of Net Revenue Expenditure
Emergency Contingency		100%	1,000	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS			**4,492**	**2,555**	
Maximum Risk Based Reserve Balances				**4,492**	
Minimum Risk Based Reserve Balances				**1,123**	
Current Level of Reserves (Projected as at 31/03/13) (General Fund)				**2,542**	
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based				**-13**	

PROTOCOLS FOR THE USE OF COUNCIL RESERVES

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Capital Reserves	£000		
Usable Capital Receipts	6,679	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Director of Resources but approval of their use must be given by Council.
Asset Disposal Reserve	785	To provide resources to purchase properties and fund associated revenue costs (e.g. marketing) required as part of the Carlisle Renaissance project. To provide resources for investment in the Council's industrial estates to ensure rent yields are maintained / increased	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
CLL Reserve	522	To provide funds to purchase equipment from CLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL Ltd.	Management of the reserve rests with the Director of Community Engagement but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.
Lanes Capital Reserve	354	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Revenue Reserves	£000		
General Fund Reserve	2,542	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	Management of the reserve rests with the Director of Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: - – Cash flow requirements, – Inflation and interest rates, – Demand led budget pressures, – Efficiency and productivity savings, – The availability of funds to deal with major unexpected events or emergencies, – Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments. Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Projects Reserve	0	The balance at 31st March 2012 shall be earmarked to support potential revenue budget shortfalls identified by the 2012/13 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 Director of 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, balances on reserves that are no longer needed and proceeds from the Local Authority Business Growth Incentive Scheme. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Collection Fund (Carlisle Share)	65	To be the collection account for sums due from local taxpayers.	Management of the fund rests with the Director of Resources. The use of the Fund is determined by statute. The main use is to adjust the level of Council Tax required in any one year to reflect surpluses or deficits on collection targets in prior periods.

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
Revenue Reserves (contd.)	£'000		
Residents Parking Reserve	0	To provide funds for small projects consistent with the Local Transport Plan.	Management of the reserve rests with the Director of Local Environment but can only be used with the agreement of Cumbria County Council. Use of the reserve should be accompanied by a report to Council providing details of the projects supported by the Reserve. Funding is provided from the balance generated by the Residents Parking Initiative and must be reported to Cumbria County Council annually.
Building Control Reserve	(17)	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Director of Economic Development The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	116	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.
LSVT Warranties	488	To provide funds to meet claims arising in years 13 –25 following transfer of the housing stock in 2002 under environmental warranties given at the time of the transfer, when insurance has expired	Management of the reserve rests with the Director of Resources. The reserve is only able to be used to meet defined costs and is not available for general use by the Council. Approval to release funds from the reserve can only be given by the Council.
Licensing Reserve	14	This is a ringfenced surplus carried forward to fund future year's expenditure.	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.
Transformation Reserve	495	To fund any one off costs associated with transformation project	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.
EEAC Reserve	56	To hold the residual funds of the service	Management of the reserve rests with the Director of

Reserve	Estimated Balance 31/3/13	Purpose	Conditions of Use
		pending future decisions with regard to the service	Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	143	To build up resources to replace cremators when required	Management of the reserve rests with the Director of Local Environment. Approval to release funds from the reserve can only be given by the Executive of the Council.
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Director of Community Engagement. Approval to release funds from the reserve can only be given by the Executive of the Council.

APPENDIX F

City Council Reserves Projections

Members should note that these financial projections now reflect the 2012/13 outturn position.

Analysis of Council Reserves	Outturn 31 March 2013 £000	Projected 31 March 2014 £000	Projected 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000
Revenue Reserves							
General Fund Reserve	(2,542)	(2,111)	(2,534)	(2,600)	(2,600)	(2,515)	(1,064)
Projects Reserve	0	0	0	(802)	(755)	0	0
LSVT Warranties Reserve	(488)	(488)	(488)	(488)	(488)	(488)	(488)
Conservation Reserve	(116)	(116)	(116)	(116)	(116)	(116)	(116)
Sheepmount Reserve	0						
Collection Fund (Carlisle Share c	(65)						
Residents Parking Reserve	0						
Transformation Reserve	(495)						
EEAC Reserve	(56)	(16)					
Building Control Reserve	17						
JE Reserve	0						
Cremator Reserve	(143)						
Welfare Reform Reserve	(200)						
Licensing Reserve	(14)						
Total Revenue Reserves	**(4,102)**	**(2,731)**	**(3,138)**	**(4,006)**	**(3,959)**	**(3,119)**	**(1,668)**
Capital Reserves							
Usable Capital Receipts	(6,679)	(3,339)	(2,541)	(162)	(162)	(162)	(162)
Set Aside Capital receipts	0	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Unapplied capital grant	0	0	0	0	0	0	0
Asset Disposal Reserve	(785)	(360)	(360)	(360)	(360)	(360)	(360)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(354)	(369)	(384)	(399)	(414)	(429)	(444)
Total Capital Reserves	**(8,340)**	**(19,590)**	**(18,807)**	**(16,443)**	**(16,458)**	**(16,473)**	**(16,488)**
Total Usable Reserves	**(12,442)**	**(22,321)**	**(21,945)**	**(20,449)**	**(20,417)**	**(19,592)**	**(18,156)**
Other Technical Reserves*	**(103,381)**						
Total All Reserves	**(115,823)**						

* Other Reserves are of a technical nature and are not cash backed. They are not therefore available either to fund expenditure or to meet future commitments.

APPENDIX G

RISK ASSESSMENT

Risk	Likelihood	Impact	Mitigation
The assumptions contributing to the Financial Plan prove to be incorrect.	Remote	Marginal	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Spending exceeds budget or assumed income levels not achieved	Reasonably probable	High	Regular budgetary monitoring reports. Updates to medium term financial strategy.
Unforeseen spending	Remote	Marginal	Budget Monitoring. Adequate contingency reserve. Updates to medium term financial strategy.
New Schemes / Initiatives (including VAT)	Reasonably Probable	Marginal	Review priorities. Assess effects on budget. Updates to medium term financial strategy.
Dependence on reserves and general balances	Reasonably Probable	High	Compliance with CIPFA / Audit Commission recommendations on level of balances and reserves.
Transformation Savings not achieved	Remote	High	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Changes to existing Government funding regimes e.g. RSG, Housing Benefits	Probable	High	Review service priorities, assess other funding opportunities, update medium term financial strategy.

CARLISLE CITY COUNCIL
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Report to Council	Agenda Item: 18(ii)

Meeting Date: 10 September 2013
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD10/13
Within Policy and Budget Framework: YES
Public / Private: Public

Title: CAPITAL STRATEGY 2014/15 TO 2018/19
Report of: DIRECTOR OF RESOURCES
Report Number: RD37/13

Purpose / Summary:
The Council's Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2014/15 to 2018/19. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

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

Recommendations:
The Council is asked to approve the Capital Strategy for the period 2014/15 to 2018/19.

Tracking

Executive:	**5 August 2013**
Overview and Scrutiny:	**29 August 2013**
Executive	**2 September 2013**
Council:	**10 September 2013**

CARLISLE CITY COUNCIL

CAPITAL STRATEGY
2014/15 TO 2018/19

September 2013

CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2014/15 to 2018/19

1. Policy and Context

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

The objectives of the Capital Strategy are to: -

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

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

2. Overall Strategy Guidelines

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

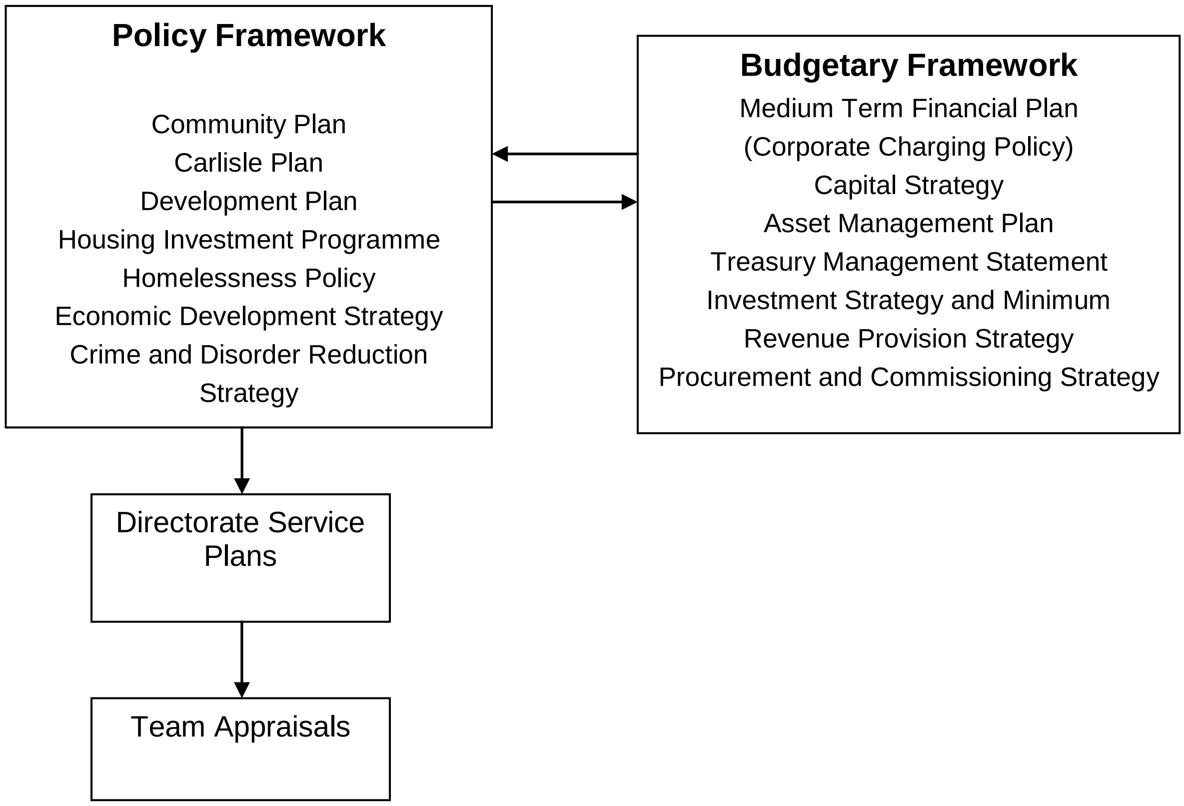
- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including Preserved Right to Buy (PRTB) receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- 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.

3. The Council's approach to corporate planning

The council has a corporate plan (Carlisle Plan) that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

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

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Capital Programme Forecasts

4.1 Current Forecasts

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2013/14 to 2017/18. These are summarised in the Council Budget Resolution approved on 5 February 2013.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £9.280m for 2013/14 and £4.641m for 2014/15. The impact of the 2012/13 outturn and the carrying forward of budgets into 2013/14 and other adjustments has reduced the programme to £4.655m in 2013/14.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

Table 1 – Current Proposed Programme

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Current Proposed Programme	4,655	4,457	8,564	1,363	1,163	1,163

The proposed capital programme includes the revised scheme which is being developed for the Arts Centre which requires approval by Council to increase the capital programme by £478,500 and reprofile the expenditure to £50,000 in 2013/14 and £1,014,500 in 2014/15.

4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£2m p.a. for years 2016/17 to 2018/19. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections.

(i) Asset Review Programme – The capital programme currently does not include any capital purchases from the receipts generated by asset sales as it is difficult to predict when asset purchases will be made and are dependent upon market conditions. It is planned that £12.076million is available for reinvestment in asset purchases over the next 3 years that will generate a revenue return for the Council.

(ii) Vehicle Replacement Programme - The current capital programme includes a minimal budget for vehicle replacements (recurring £200,000 per annum). The refuse fleet and other street cleansing vehicles are due for replacement from 2015 and options need to be considered as to how these will be funded and whether existing vehicles can be replaced later. Given current capital resources it will be unlikely they will be able to be bought from existing capital receipts, so other options such as borrowing and leasing will have to be considered should the vehicles still need replacing.

(iii) Disabled Facilities Grants – There is a significant pressure on the capital programme from the demand for Disabled Facilities Grants into the future. Government support allocates the Council £663,000 in 2013/14 and an additional contribution from the Council of £200,000 was agreed as part of the 2013/14 budget process.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

5. Capital Resource Forecasts

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

Table 2 – Estimated Capital Resources (Based on current programme)

Resources Available	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Capital Grants	(1,414)	(663)	(663)	(663)	(663)	(663)
Capital Receipts (General & Preserved Right to Buy)	(810)	(410)	(410)	(410)	(410)	(260)
Capital Receipts (Asset Business Plan)	(21,218)	(3,255)	(1,340)	0	0	0
Total Capital Resources	**(23,442)**	**(4,328)**	**(2,413)**	**(1,073)**	**(1,073)**	**(923)**
Borrowing Requirement (Revised)	(98)	(317)	(6,939)	(273)	(73)	(237)
Direct Revenue Financing	(165)	(52)	(52)	(17)	(17)	(3)
Total	**(23,705)**	**(4,697)**	**(9,404)**	**(1,363)**	**(1,163)**	**(1,163)**

* see note at paragraph (ii)

The current assumptions included in this strategy for each of the available financing sources are as follows:

(i) Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget.

(ii) Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £0.40million p.a. for the period under review. However, for 2013/14 there are specific additional items that increase this figure to £0.81million. These figures comprise: -

- £150,000 to be received from PRTB sales under the sharing agreement with Riverside in 2013/14. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account. For information £266,000 was received in 2012/13).
- £10,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years.
- An assumption that the Council will generate £250,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process).
- £400,000 from the sale of London Road Hostel once the new Womens and Families Hostel is completed (although this is likely to now be around £250,000)

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy. 'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Asset Business Plan assumes that a further £26.8million of capital receipts will be generated from 2013/14. This has now been reduced down to £25.8million on the expectation of lower values being received for some assets. The £1million reduction will require the capital programme/asset management business case purchases to be reviewed from 1 April 2014. The expectation is that £15million will be set aside to enable the future repayment of debt and the balance being available for reinvestment into new assets that will generate a revenue return.

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts.
As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2013. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year. The Council continues to use this strategy of setting aside any surplus receipts each year in order to minimise its MRP requirement. The cash from these receipts is still available to support capital expenditure.

(iii) Reserves and Balances

The Council currently maintains a reserve to support capital spending - the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- Asset Investment Reserve

  The Asset Investment Reserve currently stands at £0.4m, the use of which is subject to Council approval. Part of the Reserve has been set aside to purchase strategic properties and is includes in the Asset Review Business Plan. The reserve also includes £1m built up from contributions from the Industrial Estates capital programme. The capital programme agreed by Council in February 2013 agreed the use of part of this £1m to fund improvements to Industrial Estates.

(iv) Government and Other Capital Grants and External Funding

The Government announced changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Although these announcements have yet to impact on the Council's funding (?), further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme. From 2013/14, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

(v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2013/14 – 2018/19 to provide resources for capital spending. Where there have been specific 'invest-to-save' projects that have utilised capital resources, these are being 'repaid' to capital through the revenue savings that have been generated. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

6. Summary Capital Spending and Financing

As set out in the Table below, there is currently approximately £7.4m uncommitted estimated capital resources available to support any future capital programme as at the end of 2018/19.

Table 3 – Summary Programme

Summary Programme	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Estimates Resources 31 March 2013	(7,468)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(23,705)	(4,697)	(9,404)	(1,363)	(1,163)	(1,163)
Current Proposed Programme (Table 1)	4,655	4,457	8,564	1,363	1,163	1,163
In year projected (surplus)/Deficit in Resources	**(19,050)**	**(240)**	**(840)**	**0**	**0**	**0**
Total	**(26,518)**	**(26,758)**	**(27,598)**	**(27,598)**	**(27,598)**	**(27,598)**
Proposed Asset Review Purchases	**7,819**	**1,038**	**3,219**	**0**	**0**	**0**
Capital Receipts Set aside	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**	**15,000**
Net Year end position	**(3,699)**	**(2,901)**	**(522)**	**(522)**	**(522)**	**(522)**

7. Council Budget Process

7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.

7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Corporate Programme Board (CPB) undertakes this to determine: -

- Whether the project meets corporate and service priorities,

- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

8. Evaluation and Monitoring of Capital Projects

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

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

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

- Consideration of all aspects of a capital project by the Corporate Programme Board, comprising senior officers of the Council, whose purpose is to lead on the prioritisation of capital investment through the consideration of business cases and the ongoing monitoring and evaluation of individual capital projects. All proposals for investment will be submitted to members for consideration as part of the normal budget process.

- The development of a risk-assessed project plan for every project, which is subject to regular monitoring against key milestones by a nominated project officer.

- Changes to capital budgets, scheme costs, the inclusion or removal of individual schemes and information on remedial action needed to bring projects back on track are reported to Council as required.

- The Senior Management Team and the Executive receive quarterly monitoring reports on the Capital Programme to review progress on the delivery of projects. This process also includes the evaluation of completed capital projects to assess if their individual aims and objectives have been met, and makes recommendations where necessary to improve the delivery of similar projects in the future.

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

9. Risk Assessment

Although the Council has adequate resources to pay for its existing capital programme in the foreseeable future, the past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council's capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

10. Summary

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

APPENDIX A

Current Capital Programme

Capital Schemes	2013/14 £000	Projected 2014/15 £000	Projected 2015/16 £000	Projected 2016/17 £000	Projected 2017/18 £000	Projected 2018/19 £000
Disabled Facilities Grants	863	863	863	863	663	663
Planned Enhancements to Council Propert	300	300	300	300	300	300
Vehicles & Plant	570	279	1,901	200	200	200
ICT Shared Service	225	0	0	0	0	0
Asset Business Plan	0	0	0	0	0	0
Public Realm S. 106 works	370	0	0	0	0	0
Clean Up Carlisle	20	0	0	0	0	0
Arts Centre	50	1,015	0	0	0	0
Public Realm Work	100	0	0	0	0	0
Harraby School Community Campus Contr	600	500	500	0	0	0
Old Town Hall / Greenmarket	0	1,500	0	0	0	0
Leisure Facilities	0	0	5,000	0	0	0
Paternoster Row	100	0	0	0	0	0
Customer Contact Centre	25	0	0	0	0	0
Employee Payment System	70	0	0	0	0	0
Castle Way Cycle Ramp	347	0	0	0	0	0
Document Image Processing	14	0	0	0	0	0
PCIDSS	31	0	0	0	0	0
Families Accommodation	609	0	0	0	0	0
Old Town Hall	298	0	0	0	0	0
Kingstown Industrial Estate	33	0	0	0	0	0
Connect 2 Cycleway	12	0	0	0	0	0
Trinuty MUGA	2	0	0	0	0	0
Play Area Improvements	6	0	0	0	0	0
Castle Street Public Realm	10	0	0	0	0	0
Total Capital Programme	**4,655**	**4,457**	**8,564**	**1,363**	**1,163**	**1,163**
Proposed Asset Review Purchases	**7,819**	**1,038**	**3,219**	**0**	**0**	**0**
Total Potential Capital Programme	**12,474**	**5,495**	**11,783**	**1,363**	**1,163**	**1,163**

APPENDIX B

Sustainable Communities

In February 2003 the ODPM produced a document called ‘Sustainable Communities: building for the future’ which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A ‘sense of place’;
12. The right links with the wider regional, national and international community.

Capital Programme – Risk Assessment

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

CARLISLE CITY COUNCIL
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Report to Council	Agenda Item: 18(iii)

Meeting Date:	10 September 2013
Portfolio:	Finance, Governance and Resources
Key Decision:	YES: Recorded in the Notice Ref:KD .012/13
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	**ASSET MANAGEMENT PLAN 2013 - 2018**
Report of:	**DIRECTOR OF RESOURCES**
Report Number:	**RD 40/13**

Purpose / Summary:
The Asset Management Plan for 2013 – 2018 has been considered at the Executive meetings of 5 August and 2 September 2013 and Resources Overview and Scrutiny Panel on 29 August 2013. It is now brought to Full Council for agreement as part of the Council's Policy Framework.

Recommendations:
The Council adopt the Asset Management Plan for 2013 – 2018.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

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Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2013 - 2018

CONTENTS

1. The Council

Carlisle City Council delivers services to just over 100,000 people and for the year 2013/14 has a net revenue budget of £13.454 million and capital expenditure of £4.655 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £4.5 million per annum, from its non operational property, and a net asset value, taking account of depreciation, of circa £120 million. The income is comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

2. The Asset Management Plan and Council Priorities

The Carlisle Plan 2013/2016 sets out the Council's vision for the City *"to promote Carlisle as a prosperous City, one in which we can all be proud"*. The Plan identifies the actions and timetabling for delivering the key priorities for the Council to:-

- Support the growth of more, high quality and sustainable, business and employment opportunities.
- Develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle.
- Work more effectively through partnerships to achieve the Council's priorities.
- Work with partners to develop a skilled and prosperous workforce, fit for the future.
- Make Carlisle clean and tidy.
- Address Carlisle's current and future housing needs

The Council has been undergoing a radical transformation of its organisational structure and service delivery to achieve substantial savings in costs, to reduce the base budget over a 5 year period by £5.4 million.

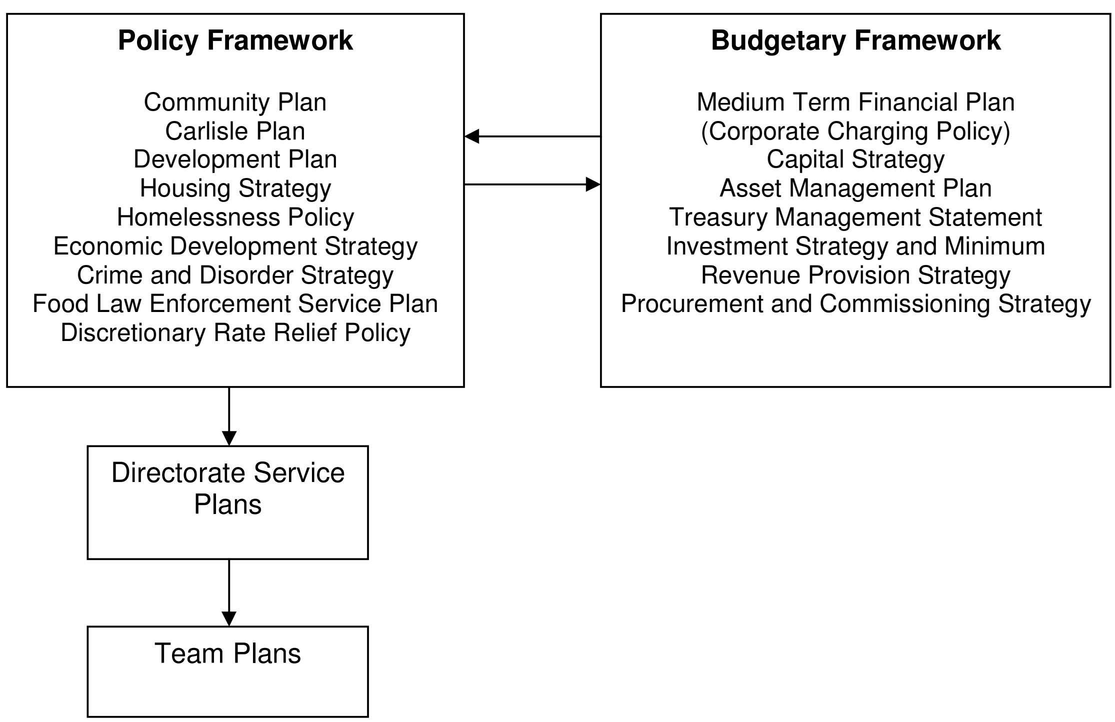
This Asset Management Plan describes how the Council's strategies and policies for its property portfolio will support these priorities and Directorate Service Plans. The Plan aims to provide information about the overall performance of the asset base, and how it is being used and reviewed. It also takes 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.

3. The Council's Approach to Corporate Planning

The Council has a corporate plan that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it is a statement of the key actions for the Council and likely outcomes for communities.

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

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership (LSP). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be similarity between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Carlisle Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

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

- The Capital Strategy (CS), which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which set out the assumptions for financing requirements and interest rates and their effect on the revenue budget.

- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy.
- The Local Plan which is in the process of review.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Organisational Framework

The organisational framework for the delivery of property functions has changed in tandem with the Council's Transformation Programme and Asset Review Business Plan which was adopted by Council in 2011. The Business Plan Working Group now provides strategic direction, oversees the corporate management of the Council's property assets, and gives direction to the work programme.

The framework which has been put in place as part of the recommendations of the Asset Review Business Plan is evolving, as a first step in the transformational review of Directorates the Property Services and Building Services teams have come together within the Resources Directorate. Collectively these teams now assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

Strategic property advice, in terms of economic development activity, will be delivered through the Economic Development Directorate. Both Directorates report through the Senior Management Team (SMT) and then on through the normal Council channels.

The terms of reference for SMT are:-

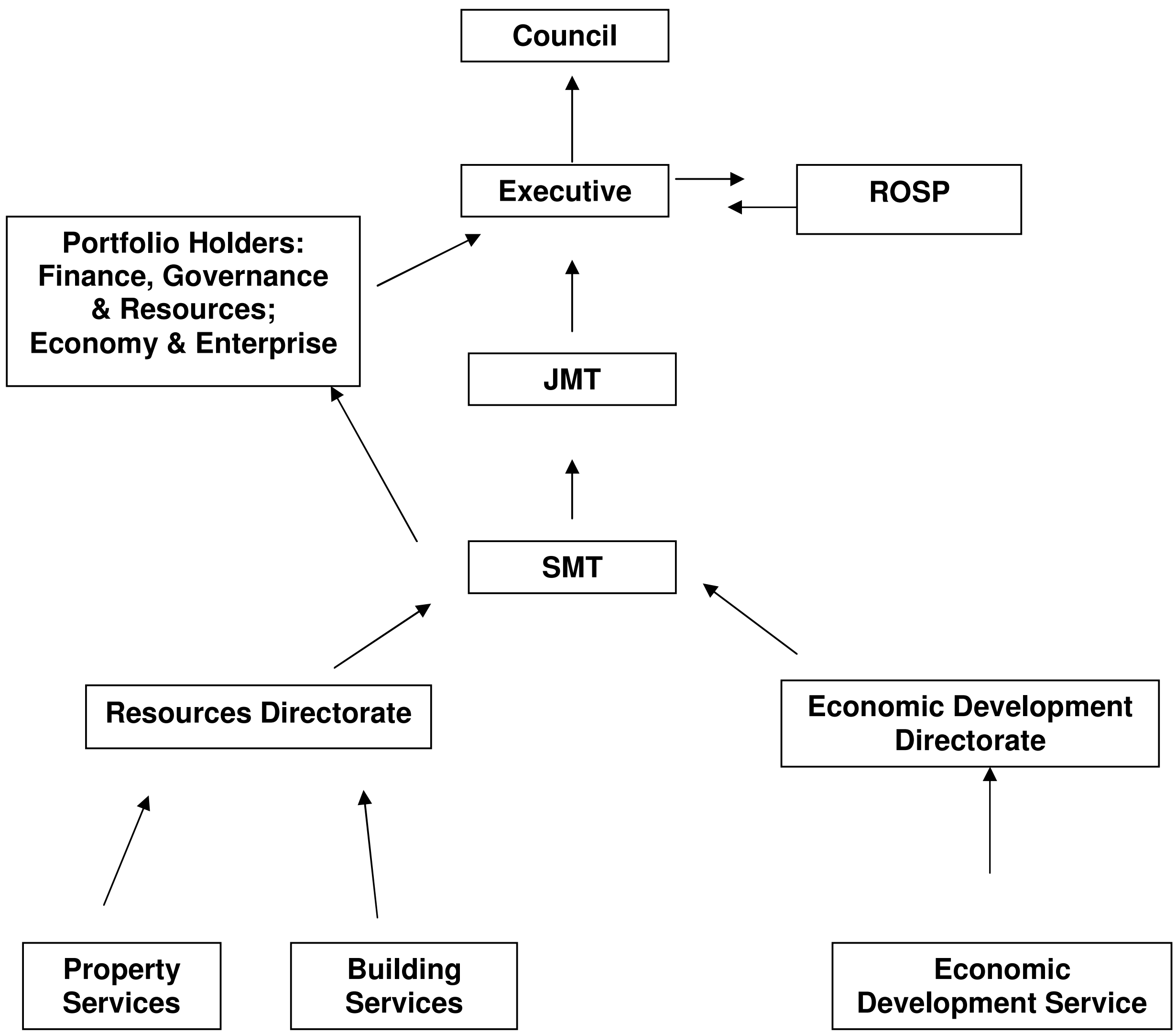
- ♦ To develop and implement corporate policy and best practise in relation to the Council's property assets.
- ♦ To give strategic direction to other corporate officer groups dealing with operational property matters.

- To ensure co-ordination of reporting and decision making on strategic matters relating to property.

SMT meets bi-weekly and membership comprises the Town Clerk & Chief Executive, the Deputy Chief Executive, and the Directors of Resources, Governance, Economic Development, Community Engagement and Local Environment.

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Finance, Governance & Resources, and Economy and Enterprise, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council.

ORGANISATIONAL & REPORTING STRUCTURE



5. Corporate Asset Objectives

Aim

- To set out the Council's policy on the use of assets in order to have a flexible approach to asset ownership and secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.
- To develop a planned approach to the management of the Council's assets linked to corporate priorities.

Objectives

1. To identify all property which the Council owns or uses, compile accurate records, establish its value and the function it performs. Maintain and continually update this information to enable decision making and support to the Council.

2. To make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, and increasing rental income.

3. To effectively respond to the changing property requirements of service delivery improvements.

4. To provide a transparent basis for property investment decisions, through the Capital Programme, and to have a planned approach to the management of the Council's assets, aligned to corporate objectives.

5. To ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio.

6. To apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. To support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP).

8. To promote community and partnership use of assets.

9. To link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy.

10. To provide sustainable planned maintenance programmes for a 5-year period.

Delivery

- To develop a planned approach through:-
  - Links to corporate priorities.
  - Carrying out condition surveys
  - Meeting Disabled Discrimination Act requirements.
  - Health and Safety risk assessments.
  - Benchmarking & performance measurement.

- Improving asset management to:-
  - Identify "expensive "and "obsolete" assets.
  - Identify surplus assets.
  - Identify changes to asset requirements, e.g. shared services and home working.
  - Improve energy efficiency, use renewable sources and set targets for carbon reduction.
  - Identify improvements to assets or the asset base to enhance service delivery.
  - Ensure assets are "fit for purposes" and "sustainable".
  - Identify investment opportunities to improve income yields.

6. Performance Monitoring and Measurement

The Council will manage and monitor the use of its property resources to ensure the portfolio meets the objectives set and delivers performance improvements linked to corporate and service objectives. The Council, using the 'Covalent system' overseen by Policy and Communications, manages and monitors performance indicators.

The Council will aim to own assets which are suitable, fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access.

The Council's performance framework continues to review performance and seek the development of SMART indicators which will effectively measure the contribution property makes to the achievement of corporate objectives set out in the priority actions in the Carlisle Plan.

New data capture procedures have been established and an annual exercise is now undertaken to collect property information in order to measure performance and these are contained in the suite of Performance Indicators (PI's) set out in Appendices I and II of this Plan. The use of PI's has allowed the Authority to improve the monitoring of asset performance, illustrate improvements, and identify shortcomings.

The Government's Operational Efficiency Programme (OEP) recommends that Local Authorities and other agencies use the CIPFA Property Asset Management Planning Network to share best practice. The OEP Report also strongly recommends the use of benchmarking to help drive efficiencies.

The Authority is a member of the CIPFA IPF Asset Management Plan Network. Current best practice is to use the National Property Performance Indicators (NAPPMI) which is set out in Appendix I. These indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO_2 emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators; these are shown in Appendix II, which additionally measure occupancy rates for the let estate and disability access to our buildings.

7. Policy and Strategy

Operational Property Strategy

- The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost.

- All service property will be efficient and effective in supporting delivery of the Council's priorities.

- The Council will occupy freehold property where appropriate.

- The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.

- The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate and share services.

- Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes the revenue implications over its useful life (ie whole life costing).

- The following policy principles are to be applied to enable delivery of the service property strategy:

Investment Principles

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use of the Council, and

- The investment:
  - ➢ enhances service delivery
  - ➢ improves environmental sustainability
  - ➢ improves utilisation
  - ➢ increases efficiency
  - ➢ adds value

- It addresses statutory obligations

Non-Operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

Investment Principles

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

Surplus Property Strategy

- The Council will normally dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts of £660,000 in 2013/14, and £260,000 from 2014/15 onwards, in line with the Capital Strategy and Medium Term Financial Plan. Note additional receipts from the Asset Review Business Plan Disposal Programme are considered separately in this document and the MTFP.

Surplus Property

All operational and non-operational property will be sold unless one of the following applies:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, housing, economic or environmental benefits to meet the Council's agreed priorities, in which case the Council may take a flexible approach to a disposal at less than market value, subject to compliance with any statutory consents and full Council approval.
- It is a long-term strategic investment.

Property Acquisition Strategy

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.
- The Council will invest in assets to improve the financial returns and yields from the portfolio and deliver the Asset Review Business Plan.

The following policy principles should be applied to enable delivery of the property acquisition strategy:

Property Acquisition
Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver Economic Development policy.
- Where it is required to support the delivery of other Council services and priorities, either directly or through income generation.
- Whole life costing and option appraisal exercises are undertaken.
- Portfolio investments and opportunity purchases meet set target criteria around risk, income returns and yields.

8. Government Policy and Statutory Responsibilities

The overall amount available for distribution to Local Government is determined by the Government's Spending Review. The last review in 2010 (CSR10) is committed to: -

"Delivering a step change in the management of the public sector asset base".

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

The Government's regional policy aims to improve the economic performance of the English regions and to reduce the gap in performance between the regions. The Review of Sub National Economic Development and Regeneration (SNR) sets out a comprehensive package of reform to improve performance. The CSR10 takes forward the conclusions of the SNR.

The Housing and Regeneration Bill aims to deliver the commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities. The Council has been designated as a Growth Point and is seeking ways to encourage increased levels of affordable housing within the district, working with partners to bring Council owned sites into development for the provision of social and affordable housing.

Although the recent structural changes to local government in England have not brought about a change in governance in local areas in Cumbria, there remains an impetus to increase levels of joint working, to improve the efficiency of service delivery and share accommodation.

The Government is also promoting the community management and ownership of public sector assets, acting on the recommendations of the Quirk Review. It believes that community asset transfer can form part of a strategic approach to the use of local authority assets and that it is an important factor in enabling community organisations to be sustainable. The Council has established a Community Asset Register to monitor and manage this initiative.

The Government recently passed the Climate Change Bill setting ambitious targets for carbon reduction. In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan has been developed with support from the Carbon Trust. Along with other Cumbrian Authorities the Council has set a target to reduce carbon emissions by 25% from its buildings, street lighting and transport related functions by April 2013, against a 2007/08 baseline of 6,306 tonnes of carbon. Buildings account for 74% of the carbon baseline. The data received up to the end of March 2012 indicates that significant progress has been made towards this target. Figures for this year have worsened for the first time (but clearly not in comparison to the baseline year which still shows vast improvement) just on last year’s comparisons, due to the harsh and longer winter.

9. The Resource Context: Value for Money

The Audit Commission used to measure how well an organisation managed its resources and delivered value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment. This considered:-

"*how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs".*

With the changes in national Government which arose in 2010 this framework for measuring the use of resources was discontinued. However, despite this the Asset Management Plan must still demonstrate a Council-wide approach to managing assets as a corporate resource, with the focus on using its assets to help to deliver social, environmental and economic outcomes for local communities. Asset management planning should be fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

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

10. Changes in the External Environment and Implications for Property

The underlying economic factors affecting the national economy apply to Carlisle subject to its relatively isolated and remote location. The City is held back from realising its full potential because generally it has not been considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis.

It is mainly sub-regional and local developers and investors who serve the Carlisle property market, with the possible exception of the retail sector. When the UK market shows an upward trend, stability or decline, the Carlisle market follows proportionately – subject to a time delay because of its location.

The City's peaks have been historically, neither high enough nor long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development.

It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless funders are looking for long-term sustainable investment, with a local geographic commitment, developers will prefer more profitable southern locations where rental growth increases more rapidly, and over longer periods.

This risk adverse attitude by the private sector has meant that to date, the public sector has had to be proactive in order to attract development to Carlisle in order to improve economic development opportunities for the community. This is why Carlisle City Council owns the legacy of a considerable property portfolio, and needs to be involved in public/private partnership working.

The changing economic climate, both at a national and local level, arising from the "credit crunch" of a few years ago, restricted borrowing regimes and the continued economic recession, is impacting on the local property market. The Government's Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

Demand has fallen in all sectors, capital and rental values have decreased. The residential and commercial investment markets, although showing signs of stabilising, still face difficult and uncertain times ahead. These downward trends in the market have undoubtedly affected the Council's portfolio, and will influence what we can do, and the way we do it, in the forthcoming years. Apart from the effect of some structural changes to the way certain assets are held, the overall capital value of the portfolio has remained at a static level. There has been some upward and downward movement in market values for particular assets but, overall this has balanced out to leave the position year on year unchanged. The makeup of the investment portfolio is quite resilient but, rental income has fallen by roughly £250,000 (5%) since the peak of the market. This mainly arises from the retail part of the portfolio and the influence of the Disposal Programme, although recently the retail market has shown faint signs it may have bottomed out and stabilised but, undoubtedly it will be several years before any real growth materialises and, when this does arise, it will be slight.

The generation of capital receipts may be more problematic in the future the longer the downturn in the market, particularly the residential sector, persists.

11. The Existing Portfolio and Current Performance

Gross Asset Value as at 31 March 2013.

	Operational assets		Non operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	71	79	60	2	212
Total income	£26,000	£1,107,000	£4,616,000	Nil	£5,749,000
Capital value	£3,832,000	£27,664,000	£95,016,000	£582,000	£127,094,000
Capital Expenditure	£62,182	£946,882	£442,206	-	£1,451,270
Asset Reserve		-	£392,000		£392,000
Maintenance backlog		£2,970,625	£2,000,000	-	£4,970,625

NB The total capital spend in 2012/13 was £4.5 million. However this did not all relate to property assets, £1.2 million was Revenue Expenditure Funded from Capital Under Statute which included capital works on assets which are not owned by the Council.

The figure for the maintenance backlog on the operational buildings in the portfolio is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure has decreased by around £340,000 or 10% since last year. This is partially a result of the disposal of assets, and partly due to the consequences of remedial work carried out under the capital works programme.

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

12. Maintenance Backlog

	12/13	13/14	14/15	15/16	16/17
Total Revenue Budget	£700,000	£646,500	£646,500	£646,500	£646,500
Capital Schemes Special Projects	£577,357	£300,000	£300,000	£300,000	£300,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 : 24

Based upon property condition surveys, an annual planned maintenance programme has been established for all the operational assets. There is a maintenance backlog; currently £2,970,625 for the portfolio of operational and non-operational buildings, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 3 year programme of planned and reactive maintenance on 19 November 2012 (report reference RD53/12). In condition category terms the split is as follows:-

Condition Category (as a % of Gross Internal Area Operational Property)			**Sustainable Criteria**
A.	**(Excellent)**	**51%**	**Yes**
B.	**(Good)**	**31%**	**Yes**
C.	**(Mediocre)**	**13%**	**Review**
D.	**(Poor)**	**5%**	**No**

Improvements in the operational portfolio are mainly due to the new Shaddongate Resource Centre.

Energy Efficiency

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects has been carried out. Significant investment in Tullie House in the year 2011/12 has resulted in the target of 20% reduction in energy consumption being achieved. The merits and feasibility of a Hydro scheme is still being investigated on the Caldew at Denton Holme. New boilers have been installed in Morton Community Centre.

There has been little investment in new energy efficiency schemes in the last year. The cold winter and spring has resulted in increased costs for gas in particular. The new solar photovoltaic arrays at the Civic Centre and Sands Centre have been successful in terms of electricity generation and income received from the feed in tariff.

Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties. This programme is required to meet those duties. Report (RD 01/13) was presented to the Executive on the 8th April 2013 with proposals for capital investment for planned major repairs. The business case identified 7 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2013/14 has been allocated as follows:-

PROJECT	COST	PRIORITY
Civic Centre - Rewiring and refurbishment of programme	£90,000	Health and Safety / Energy Conservation
Tullie House – Re-covering of flat roof area over Paintings store	£80,000	Business Case/ Conservation/Asset protection
Civic Centre – Re pave the flagged areas to the frontal approach and entrance	£25,000	Health and Safety
Enterprise Centre – Re- cover the main flat roof	£50,000	Business case
West Walls – Stone repairs and re-pointing of historic City Wall	£20,000	Heritage Conservation
Talkin Tarn – Underpin the Tea Room wall foundation	£25,000	Health and Safety
Various Properties – Asbestos removal	£10,000	Health and Safety
TOTAL	**£300,000**	

13. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.

2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.

3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which has considerable further potential.

4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.

5. The opportunity has been grasped to take a more dynamic and commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.

6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency.

Accommodation Review

An Accommodation Review is underway as an integral part of the Transformation Programme to review corporate accommodation, both back office and front public facing service delivery properties. This will comprise a comprehensive analysis of accommodation needs and the existing provision, explore future solutions and implement the most beneficial models for the Authority. It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible. The project will be on going over several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

- Corporate standards for accommodation;
- Efficient and effective accommodation for all Council staff & operations;
- Consolidate office staff and functions into the Civic Centre;
- Maximise usage of occupied accommodation and deliver efficiencies;
- Maximise potential revenue streams;
- Identify and meet target capital receipt savings and income.

To date the review has achieved the following improvements to the portfolio:-

- Centralisation of back office delivery with the closure and demolition of part of Boustead's Grassing and transfer of staff to the Civic Centre;
- Improved space utilisation in the Civic Centre;

- Continued development of the Customer Contact Centre as a public service centre hub;
- The letting and sharing of office space with other public sector providers
- An interim rationalisation of the Councils Depots, Willowholme Depot has been declared surplus to requirements and is on the market for sale;
- Provision of a new Women's and Family Hostel in Water Street to replace the existing facility.

The challenges going forward are to further examine space utilisation in the Civic Centre; the continued reduction in staff during 2012/13 has led to deterioration in the occupancy rate and increased costs per full time employee (FTE), and to find new occupiers to share the surplus accommodation, reduce overall costs in use, and compliment the Council's ambitions to improve public access to a wider range of customer services through the Contact Centre. Also, with the recent transfer of retained Highway Rights back to the County Council there is a need, in the light of future service requirements, to further examine the utilisation and retention of Boustead's Grassing as sustainable Depot and the possible requirement for alternative provision.

Asset Review Business Plan

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

The strategic objectives of the Plan are broadly to have:-

- Clear and separately focused management of the operational, investment and economic development assets.
- Fewer higher value assets which will give a better yield and are cheaper and easier to manage
- The latent value and development opportunities embedded in the portfolio unlocked and released for reinvestment.
- Well maintained assets which will continue to be attractive to tenants and occupiers.
- Increased returns through higher income and lower outgoings.

To provide clear segregation between the objectives and priorities for each asset the portfolio has been divided into 3 distinct categories established as follows:-

1. Operational Assets – properties that are needed in order to carry out the Council's day to day business and deliver services or are required and retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose.

2. Economic Development Assets – properties that are identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District.

3. Investment Assets – properties where the sole function is to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management. These changes will take place within the context of the Transformation Programme.

Disposal Programme

The Business Plan recognises that the current Investment portfolio needs re-engineering through a process of rationalisation to consolidate the asset base and improve overall financial returns through reinvestment or acquisitions. The Plan aims at realising £24m through the disposal over a 4 year period of 51 assets which are underperforming or have embedded value which can be realised. The proceeds will be used to generate additional income of £1m to support budget and efficiency savings and help protect and secure service delivery into the future.

Outcomes:
In line with expectations individual asset receipts have produced results on, below and above target figures. To date 25 assets have been sold realising total gross receipts of circa £5.5 million. Overall the returns show an increase of approximately 18% (Morton excluded) above the business plan estimates. The market appears to be hardening for certain types of asset; at this juncture in the programme there is no reason to suspect the current trends and levels of return will not continue however, we have adopted a conservative approach and these increases have not been built into future sale projections. Note the Morton Site, anticipating a receipt following the grant of outline planning consent in excess of the Business Plan estimate, has been included in the 2012/13 budget at a figure of £15m.

Reinvestment Options:

The Business Plan envisages capital receipts will be used to generate £1 million additional revenue and support purchases in the economic development and operational property portfolios.

Opportunity purchases into the Economic Development portfolio have recently been completed to consolidate the Council's existing ownership and land holdings in Rickergate with the acquisition of further properties in the Warwick St area.

The Morton disposals, paramount to the disposal programme, are progressing. The Executive's 2012/13 budget resolved that a £15 million Treasury Management investment is transacted whilst the longer term options for the proceeds of sale are determined, including option appraisals for paying off a £15 million stock issue in 2020.

Purchases into the investment portfolio are being investigated and under consideration, and the Council is examining the options and feasibility for alternative approaches to the asset and estate management of its investment land holdings at Kingstown and Parkhouse.

14. Summary

1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.

2. Members are aware and have approved a plan to address backlog maintenance.

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

4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.

5. The Council's asset base has considerable latent value, which if unlocked through the new Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.

6. The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

APPENDIX I

NATIONAL PROPERTY PERFORMANCE INDICATORS

APPENDIX I

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COPROP Property Management Initiative Property Performance Indicators (PMI's)

PMI 1A: % gross internal floor-space in condition categories A- D

	Mar-11	Mar-12	Mar-13
(a) **Schools:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(b) **Other Land & Buildings:**			
Good condition (category A)	46.1	49.1	50.8
Satisfactory condition (category B)	31.8	32.6	31.4
Poor condition (category C)	17.2	12.8	12.5
Bad condition (category D)	4.9	5.5	5.3
(c) **Community Assets:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(d) **Non-operational assets:**			
Good condition (category A)	0	0	0
Satisfactory condition (category B)	19	38.3	30.7
Poor condition (category C)	6	0	0.8
Bad condition (category D)	75	61.7	68.5

Objective:-
To measure the condition of the asset for its current use

Definitions:-
A: Good – Performing as intended and operating efficiently
B: Satisfactory – Performing as intended but showing minor deterioration
C: Poor – Showing major defects and/or not operating as intended
D: Bad – Life expired and/or serious risk of imminent failure

Comments:-
We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The marginal overall shift in improvement on the operational properties is due to the new buildings coming into the portfolio such as the Resource Centre and the new Crematorium offices. The decline in performance of the non-operational portfolio is largely due to the relatively high proportion of poor quality assets left on the books as a consequence of the disposal programme. For example, the Enterprise Centre now accounts for 69% of non operational floor space.

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PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m^2 GIA

	Mar-11		Mar-12		Mar-13	
	£	%	£	%	£	%
(a) **Schools**						
Urgent repairs (priority 1)						
Essential repairs (priority 2)						
Desirable repairs (priority 3)						
Total						
Overall Cost per m^2 GIA						
(b) **Other Land & Buildings**						
Urgent repairs (priority 1)	295,840	12.5	397,800	16	325,600	15
Essential repairs (priority 2)	1,667,350	70.2	1,684,900	68	1,460,425	68
Desirable repairs (priority 3)	411,375	17.3	385,725	16	353,600	17
Total	2,374,565		2,468,425		2,139,625	100
Overall Cost per m^2 GIA	45.47		49.94		41.59	
(c) **Community Assets:**						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m^2 GIA	n/a		n/a		n/a	
(d) **Non-operational Assets:**						
Urgent repairs (priority 1)	5850	1.2	0			
Essential repairs (priority 2)	463,150	98.6	841,000	100	561,000	68
Desirable repairs (priority 3)	900	0.2	0		270,000	32
Total	469,900		841,000		831,000	100
Overall Cost per m^2 GIA	70.29		138.82		124.03	

Objective:-
Measure required maintenance.

Definitions:-
Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

Essential work required within two years that will prevent serious deterioration of the fabric of the services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.
Comments:- Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Slightly improving overall picture to the operational portfolio as capital expenditure has been targeted at urgent work. The changes noted to the Non-operational assets are primarily due to a review of the categorisation of repairs to reflect consultant advice on achieving energy performance ratings.

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year

	Mar-13
Total Required Maintenance	£2,970,625
Annual % Change in total required maintenance from previous year	-10

Objective:- Measure changes in spend on maintenance.

Definitions:-
Required maintenance is defined as "The cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or meet statutory or contract obligations and maintain it at the standard".
Spend on maintenance covers the total repair and maintenance programme (reactive and planned) including any associated fees for the work. It should also include any capital spending on repair and maintenance.

Comments:-
The total backlog maintenance liability figure shows a reduction from last year. This is attributable to the ongoing process of rationalisation across the portfolio and the disposal/replacement of high maintenance and costly properties.

PMI 1D: Maintenance Spend

		2011/12	**2012/13**
(i)	Total spend on maintenance	1,200,514	962,654
(ii)	Total spend on maintenance per m^2 GIA	£20.54	£16.55
(iii)	Planned/reactive maintenance split	76% / 24%	76%:24%

Objective:- Show split in type of maintenance

Definition of Planned and Reactive Repairs:-
Planned – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.
Reactive – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.
To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

Comments:-
Reduced annual spend reflecting the budgetary constraints on resources available to look after the portfolio.

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PMI 2 A, B & C Environmental Property Issues

		2010/11	2011/12	2012/13
A	Energy Cost – total spend (£) Energy Total Consumption (kwh) Energy Cost per m^2 (£/m^2) Energy Consumption per m^2	 12,863,493 329.60	 11,008,581 282.08	 10,934,582 280.59
B	Water Cost – total spend (£) Water Total Consumption (m^3) Water Cost per m^2 (£/m^2) Water Consumption per m^2 (m^3/m^2)	 12593 0.58	 12003 0.55	 9417 0.48
C	CO2 Total Emissions (tonnes CO^2) CO2 total Emissions/m^2 (Tonnes CO^2/m^2)	3820.62 0.0979	3321.52 0.0851	3326.26 0.0854

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.

Definitions:-

To reduce environmental impacts of operational property.
To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement.
To compliment the process for 'Energy Certificates'.
To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.

Comments:-

Although generally recognised that energy costs are increasing the effect of this has been offset by a reduction in consumption. This is attributable to energy saving conservation projects which have been adopted but also due to shrinking operations arising from the Transformation process. The dramatic change in the consumption of water is much more than could be reasonably anticipated, the fall is excessive and is probably due to a billing anomaly.

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PMI 3 A & B: Suitability Surveys (Local Indicator)			
	Mar-11	**Mar-12**	**Mar-13**
% of Portfolio by GIA m^2 for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available

Objective:-
For Local Authorities to carry out Suitability Surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service deliveries i.e. are they fit for purpose.

Definitions:-
To be reported for **all** operational buildings (excluding Schools) occupied by the Local Authority.
To ensure that the property meets the needs of the user.
To enable key decisions to be made.

Comments:-
Suitability surveys will be undertaken on a phased basis as and when resources allow.

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PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-12	**Mar-13**
A	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	73.72%	76.11%
B	Number of properties for which an Access Audit has been undertaken by a competent person	33	36
C	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	73.72%	76.11%
D	Number of properties for which there is an Accessibility Plan in place	33	36
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	83.9%	84.4%

Objective:-
To monitor progress in providing access to buildings for people with disabilities.

Definitions:-
To monitor the progress at which Local Authorities carry out access audits.
To enable key decisions to be made.

Comments:-
Further audit inspections have been undertaken. Year on year PI remains relatively static. The slight improvement is due to a higher proportion of non-compliant properties being disposed. A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure.

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PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio

		Mar-12	**Mar-13**
A1a	Operational office property as a percentage (% GIA m^2) of the total portfolio	20.9%	20.6%
A1b	Office space per head of population	0.11 sq m	0.11 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	78%	78%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	15.67 sq m	17.33 sq m
B2	Average floor space per workstation (not FTE)	10.87 sq m	10.87 sq m
B3	Annual property cost per workstation (not FTE)	£1028.21	£1112.51

Objective:-
To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.

Definitions:-
To identify the intensity of use of space.
To assist councils to identify and minimise assets which are surplus or not in use.
To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.
To measure the level of usage.
Net Internal Area (NIA): The usable area within a building measured to the internal face of the perimeter walls at each floor level.
Net Office Space (NOS): NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.
Full Time Equivalent (FTE): No of staff based in the building expressed in full time equivalent terms.

Comments:-
Recent improvements in occupancy rates, achieved through the Accommodation Review, have deteriorated within the Civic Centre. The lower utilisation rate has arisen from staff reductions; there are now more empty desks throughout the building, highlighting a need for further review to redress the shortfalls .

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PMI 6: Spend		
	Mar-12	**Mar-13**
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.5%	2.26%
Gross Property Costs per m^2 GIA by CIPFA Categories/Types:	£/m2	£/m2
Schools		
Operational Buildings	35.10	29.26
Community Assets	N/A	N/A
Non-operational Assets	16.78	18.06

Objective:-
To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.

Comments:-
Total running costs show a slight overall improvement on last year's figures as a proportion of the total gross revenue budget. Breaking down the figures, non operational costs reflect a slight increase; this is mainly associated with the Enterprise Centre.

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PMI 7 A, B, C & D: Time & Cost Predictability		**Mar-12**	**Mar-13**
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	90%	100%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	100%	100%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	100%	90%

Objective:-
To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional “local” indicators to start the measures at an earlier stage.

Comments:-
A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result.
In respect of (D) the 90% outturn figure reflects the position on the Community Resource & Training Centre at Shaddongate where costs exceeded budget. The City QS consultant continually informed us that costs would be within budget until the final account stage.

APPENDIX II

LOCAL PERFORMANCE INDICATORS

APPENDIX II

Local Performance Indicators

Indicator	08/09 Actual	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Target	12/13 Actual	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	81.81%	82%	83.8%	83.9%	85%	84.4%	The slight improvement is due to a higher proportion of non-compliant buildings being disposed of. Improved performance on the remaining buildings will be increasingly difficult to achieve due to capital costs and the nature of the portfolio i.e. Listed Buildings.
MI 931 C1 Maximise the occupancy of Council's commercially let business units	90.53%	87.96%	88.03%	87.87%	90%	85.92%	The target going forward remains the same reflecting the unchanged market conditions. The disposal of a significant proportion of our workshop portfolio, relatively well let, has impacted negatively on this indicator.