

AGENDA

Executive

Monday, 16 December 2013 AT 16:00
In the Flensburg Room, Civic Centre, Carlisle, CA3 8QG

Apologies for Absence

To receive apologies for absence and notification of substitutions.

Declarations of Interest

Members are invited to declare any disclosable pecuniary interests, other registrable interests and any interests, relating to any item on the agenda at this stage.

Public and Press

To agree that the items of business within Part A of the agenda should be dealt with in public and that the items of business within Part B of the agenda should be dealt with in private.

PART A

To be considered when the Public and Press are present

A.1 BUDGET STRATEGY
(Key Decision - KD.030/13)

(a) **REVENUE ESTIMATES - SUMMARY OF OVERALL BUDGETARY POSITION** 9 - 26

Pursuant to Minute EX.128/13, the Director of Resources to submit a report summarising the Council's revised revenue base estimates for 2013/14, together with base estimates for 2014/15 and updated projections to 2018/19.
(Copy Report RD.62/13 herewith)

(b) **PROVISIONAL CAPITAL PROGRAMME 2014/15 TO 2018/19** 27 - 38

Pursuant to Minute EX.136/13, the Director of Resources to submit a report providing an update on the revised capital programme for 2013/14, together with the proposed method of financing.
(Copy Report RD.65/13 herewith)

(c) **TREASURY MANAGEMENT STRATEGY STATEMENT, INVESTMENT STRATEGY AND MRP STRATEGY 2014-15** 39 - 62

Pursuant to Minute EX.138/13, the Director of Resources to submit a report on the Treasury Management Strategy Statement for 2014/15 in accordance with the CIPFA Code of Practice on Treasury Management.
(Copy Report RD.63/13 herewith)

(d) **CHARGES REVIEWS** 63 - 76

Pursuant to Minutes EX.129/13, EX.130/13, EX.131/13, EX.132/13 and EX.133/13, the Executive will consider feedback from Overview and Scrutiny Panels on the Charges Reviews and make decisions on the level of charges to be applied as not yet resolved for Local Environment; Community Engagement; Economic Development; Governance and Resources; and Licensing.
(Copy Reports previously submitted to 18 November 2013 Executive meeting - LE.30/13, CD.53/13, ED.35/13, GD.55/13 and GD.50/13)

(Copy Overview and Scrutiny Panel Minute Excerpts herewith)

Background Papers - various financial reports being considered as part of the Budget process are available on the Council's website -
<http://cmis.carlisle.gov.uk/cmis/>

BUDGET BOOK AND AMENDED REVIEW OF CHARGES REPORTS

Members and Officers are asked to bring their copy of the bound Budget Book; and document pack containing amended Charges Reports issued under cover of letters from the Director of Governance dated 8 November and 6 December 2013, to this meeting

A.2 EXECUTIVE DRAFT BUDGET PROPOSALS FOR CONSULTATION

(Key Decision - KD.030/13)

The Executive to table the draft Budget for consultation.

A.3 REVIEW OF RESERVES AND BALANCES

77 - 88

(Key Decision - KD.031/13)

Pursuant to Minute EX.139/13, the Director of Resources to submit a report seeking an Executive review of the Council's reserves and balances; and to recommend to Council any reserves which can be released. The matter was considered by the Resources Overview and Scrutiny Panel on 28 November 2013.

(Copy Report RD.66/13 and Minute Excerpt herewith)

Background Papers - Report RD.60/13 is available on the Council's website - <http://cmis.carlisle.gov.uk/cmis/>

A.4 TULLIE HOUSE MUSEUM AND ART GALLERY TRUST BUSINESS PLAN

89 - 144

(Key Decision - KD.024/13)

Pursuant to Minute EX.140/13, the Deputy Chief Executive to submit a report on the proposed Tullie House Museum and Art Gallery Trust Business Plan 2014 - 2017. The matter was considered by the Community Overview and Scrutiny Panel on 19 November 2013.

(Copy Report SD.10/13 and Minute Excerpt herewith)

Background Papers - Report CD.51/13 is available on the Council's website - <http://cmis.carlisle.gov.uk/cmis/>

A.5 ASSET REVIEW BUSINESS PLAN - REFRESH OF DISPOSAL PROGRAMME 145 - 168

(Key Decision - KD.026/13)

Pursuant to Minute EX.121/13, the Director of Resources to submit a report recommending changes to the Disposal Programme for approval by Council. The matter was considered by the Resources Overview and Scrutiny Panel on 28 November 2013.

(Copy Report RD.64/13 and Minute Excerpt herewith)

Background Papers - Report RD.47A/13 is available on the Council's website - <http://cmis.carlisle.gov.uk/cmis/>

A.6 REVIEW OF POLLING ARRANGEMENTS 169 - 194

(Key Decision - KD.27/13)

The Director of Governance to report the results of the review of polling arrangements and make recommendations for changes to existing arrangements as appropriate.

(Copy Report GD.58/13 herewith)

A.7 PRIVATE SECTOR HOUSING ENFORCEMENT 195 - 218

(Key Decision - KD.033/13)

The Director of Economic Development to submit a report presenting the draft Enforcement Policy for Private Sector Housing for approval.

(Copy Report ED.42/13 herewith)

A.8 HOMELIFE CARLISLE - BUSINESS MODEL 219 - 226

(Key Decision - KD.032/13)

The Director of Economic Development to submit a report outlining the business model of Homelife Carlisle, the Home Improvement Agency.

(Copy Report ED.43/13 herewith)

A.9 NOTICE OF EXECUTIVE KEY DECISIONS

(Non Key Decision)

The Notice of Executive Key Decisions, published on 15 November 2013, is submitted for information.

Subsequent to publication of the Notice, it was determined that the Homelife Carlisle - Business Model (KD.032/13) would be considered in public.

A.10 SCHEDULE OF DECISIONS TAKEN BY PORTFOLIO HOLDERS 227 - 228

(Non Key Decision)

A Schedule of Decisions taken by Portfolio Holders under delegated powers is attached for information.

(Copy Schedule herewith)

Background Papers - Report GD.28/13 and Minute Excerpt from the Executive on 31 May 2013 are available on the Council website - <http://cmis.carlisle.gov.uk/cmis/>

A.11 SCHEDULE OF DECISIONS TAKEN BY OFFICERS 229 - 230

(Non Key Decision)

A Schedule of Decisions taken by Officers under delegated powers is attached for information.

(Copy Schedule herewith)

A.12 JOINT MANAGEMENT TEAM 231 - 232

(Non Key Decision)

The Minutes of the meetings of the Joint Management Team held on 28 October and 4 November 2013 are submitted for information.

(Copy Minutes herewith)

A.13 MARKET MANAGEMENT GROUP **233 -
236**

(Non Key Decision)

The Minutes of the meeting of the Market Management Group held on 28 October 2013 are submitted for information.
(Copy Minutes herewith)

A.14 QUARTER TWO PERFORMANCE REPORT 2013/14 **237 -
254**

(Non Key Decision)

The Policy and Communications Manager to submit the second quarter performance monitoring report.
(Copy Report PC.21/13 herewith)

A.15 SALARY SACRIFICE CAR SCHEME **255 -
272**

(Non Key Decision)

The Director of Resources to submit a report on a new employee benefit scheme. The matter was considered by the Employment Panel on 12 November 2013.
(Copy Report RD.61/13 and Minute Excerpt herewith)

Background Paper - Report RD.57/13 is available on the Council's website - <http://cmis.carlisle.gov.uk/cmis/>

A.16 CAPITAL RELEASE FOR PLAY AREAS **273 -
276**

(Non Key Decision)

The Director of Local Environment to submit a report seeking approval for the release of a capital sum for the purpose of replacing an obsolete play area.
(Copy Report LE.36/13 herewith)

Background Paper - Carlisle Play Area Review 2013

PART B

To be considered when the Public and Press are excluded from the meeting

Members of the Executive

Councillor C W Glover (Leader)

Councillor Mrs E B Martlew (Deputy Leader; and Environment and Transport Portfolio Holder)

Councillor Ms A Quilter (Culture, Health, Leisure and Young People Portfolio Holder)

Councillor Mrs J Riddle (Communities and Housing Portfolio Holder)

Councillor Dr L Tickner (Finance, Governance and Resources Portfolio Holder)

Councillor Mrs H M Bradley (Economy and Enterprise Portfolio Holder)

Enquiries to:

Morag Durham - tel: 817036

Notes to Members:

Decisions taken at this meeting, if not subject to call-in, will become live on 31 December 2013

Report to Executive

Agenda
Item:

A.1(a)

Meeting Date: 16 December 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: REVENUE ESTIMATES: SUMMARY OF OVERALL BUDGETARY POSITION 2014/15 TO 2018/19
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD62/13

Purpose / Summary:

This report provides a draft summary of the Council's revised revenue base estimates for 2013/14, together with base estimates for 2014/15 and updated projections to 2018/19. It includes the impact of the new savings and new spending pressures currently under consideration and the potential impact on the Council's overall revenue reserves.

Recommendations:

The Executive is requested to:

- (i) Note the updated budget projections for 2013/14 to 2018/19 and make recommendations, in the light of the budget pressures and savings submitted to date, together with the potential use of balances and reserves, in order to issue a draft budget for consultation purposes.
- (ii) Approve, for recommendation to Council as part of the budget process, the 2014/15 Local Support for Council Tax scheme.

Tracking

Executive:	16 December 2013
Overview and Scrutiny:	6 January 2014
Council:	4 February 2014

1. INTRODUCTION

- 1.1. This report summarises the budget projections and matters to be considered in respect of the net budget requirement for the Council for the period 2013/14 to 2018/19.
- 1.2. In particular, it advises on the Council's core revenue budgets for 2014/15 together with projections to 2018/19, and considers the potential impact of the new savings and new spending pressures currently under consideration and the potential impact on overall revenue projections and reserves. It is clear, even at this stage of the budget process, that all of the pressures currently identified cannot be accommodated without identifying additional savings. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies.
- 1.3. It should also be noted that there are still a large number of significant issues affecting the projections that are not yet known. 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. The report draws on information contained in a number of reports that have been considered by the Executive and Overview and Scrutiny Panels over the course of the financial year. The principal budget reports have been listed in **Appendix A**.
- 1.5. The Executive will issue its budget for consultation purposes on 16 December. Following this it will consider the final consultation feedback, together with the final Government Grant settlement figure (if available) on 15 January and will subsequently recommend a budget to Council on 4 February 2014.

2. GENERAL FUND BUDGET PROJECTIONS 2013/14 REVISED TO 2018/19

- 2.1 The budget projections as currently forecast are summarised in the following table. Further details are contained in the notes following the table and Appendices listed:

Summarised Position	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
Total Projected Expenditure (See 3.1 & Appendix B)	13,884	14,066	12,274	11,618	12,653	13,605	14,476
Total Projected Resources (See 3.2 & Appendix C)	(13,884)	(14,066)	(12,698)	(12,487)	(12,606)	(12,764)	(12,925)
Projected (Surplus) / Shortfall excluding savings and new spending	0	0	(424)	(869)	47	841	1,551
Less:							
New Saving Proposals							
- Recurring	0	0	(1,023)	(2,254)	(2,544)	(3,656)	(4,668)
- Non Recurring	0	0	(1,214)	0	0	0	0
(See Para 4 & Appendix D)							
Add:							
New Spending Pressures							
- Recurring	0	0	1,489	2,171	2,632	2,849	3,412
- Non Recurring	0	0	959	56	0	0	0
(See Para 5 & Appendix E)							
Potential Budget Shortfall (See para 2.2)	0	0	(213)	(896)	135	34	295
Potential Shortfall Analysis:							
- Recurring			(137)	(953)	135	34	295
- Non Recurring			(76)	56	0	0	0

2.2 It should be noted that the potential shortfall projected above is the projected position that would occur only if all of the new Savings and Spending Pressures were accepted. The Executive are asked to consider the issues in this report and make proposals on the savings, new spending pressures and use of reserves as set out in this report in order to issue a draft budget for consultation purposes.

2.3 It should also be noted that these projections are subject to Council Tax base and Surplus, Disabled Facilities Grant, all of which will be notified, in early 2014.

3. CURRENT PROJECTIONS

3.1 Total Existing Projected Expenditure

The total existing expenditure commitments from the 2013/14 budget and any subsequent approvals by Council are set out in **Appendix B**. The following should be noted:

- The forward year projections at this stage exclude the new spending and saving proposals being put forward for consideration as part of the current years budget deliberations.
- The current requirement for each Parish Precept for 2014/15 will not be known until January when Parishes are expected to set their precepts. This will be affected by the decisions to include Parishes in the implications for the Localisation of Support for Council Tax scheme. The allocations for 2013/14 allocations are set out in **Appendix F**.

3.2 Local Support for Council Tax

The Local Support for Council Tax Scheme (“The Council Tax Reduction Scheme” or CTRS) is required to be approved annually as part of the Budget Process. It is not proposed to make any changes to the reductions given to recipients of the discount scheme for 2014/15, and Executive are required to recommend the scheme to be in place for 2014/15 for approval to Council.

The estimated cost the Council absorbing the 10% reduction in CTRS is £125,000. This is funded from technical changes to discount rates for empty properties and Council Tax Base growth (i.e. number of Band D equivalent properties).

3.3 Total Projected Resources

The figures set out in **Appendix C** include an estimated figure for the Local Government Finance Settlement. The draft figures are expected to be announced by the Secretary of State in December 2013 which will be confirmed in January 2014.

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 also assume for projection purposes:

- An illustrative 2.6% Council Tax increase for 2014/15, with a 1.99% increase from 2015/16 onwards.
- Council Tax Surplus of £35,000 for 2014/15 onwards. The actual figure for 2014/15 will be available in January.
- An assumed taxbase of 30,894.00 (the actual for 2014/15 will not be available until January).

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.

4. SAVING PROPOSALS (see Appendix D)

- 4.1 The saving proposals were presented to the Executive at its meeting of 18 November (RD54/13), supported by individual charges review reports. At that meeting the Executive requested that the savings and individual charging reports be forwarded to the relevant Overview and Scrutiny Panels as part of the budget consultation process.

5. NEW SPENDING PRESSURES (see Appendix E)

- 5.1 The Executive at its meeting of 18 November (RD53/13) considered the new spending pressures. At that meeting the Executive requested that the spending pressures be forwarded to the relevant Overview and Scrutiny Panels as part of the budget consultation process.
- 5.2 This report considers the revenue pressures only. Report RD65/13 considered elsewhere on this agenda gives details of any capital bids submitted, although any recurring expenditure resulting from the acceptance of Capital bids will fall to be met from revenue budgets, and initial projections on the impact have been made.

6. PROJECTED IMPACT ON REVENUE BALANCES

- 6.1 The general principles on each of the Reserves are set out in the Medium Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that:

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

- 6.2 The Council's overall levels of balances are set out in **Appendix G** and have currently been adjusted assuming withdrawal to support all of the current budget proposals. The Projects Reserve has been used as a first call for the current projected revenue budget deficit as set out in paragraph 2.1. The revised movement of the reserve is as follows and clearly shows the projected call on reserves is unsustainable given the current pressures and replenishment is dependent upon the achievement of the transformation savings. A risk based review of reserve levels has been undertaken and shows a prudent level of reserves to be £2.6million.

Balance as at:	Projected Deficit £000	Recurring Revenue Requirement £000	Non Recurring Revenue Requirement £000
31/03/2014	(2,111)	(137)	(76)
31/03/2015	(2,324)	(952)	56
31/03/2016	(3,220)	135	0
31/03/2017	(3,085)	34	0
31/03/2018	(3,051)	295	0
31/03/2019	(2,756)	0	0

7. MEDIUM TERM OUTLOOK AND BUDGET DISCIPLINE 2013/14 to 2018/19

- 7.1 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.
- 7.2 Notification of Government general and specific grants i.e. RSG, NNDR, etc is received on an individual basis late in the budget process. This makes forward financial planning more difficult. The figures incorporated into this report are based on the 2013/14 Local Government Finance Settlement confirmed by the Secretary of State in January 2013. The settlement was for 2013/14 and 2014/15, however, further reductions for 2015/16 onward have only been estimated in the MTFP.
- 7.3 In terms of expenditure pressures, there are significant issues affecting the budget.
- 7.4 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 table recommendations in this respect at this meeting.
- 7.5 Under section 25 of the Local Government Act 2003 the Section 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; however a draft is attached at **Appendix H**. At this stage it should be noted that the current projected revenue deficit requires further substantial savings to be identified to meet the ongoing projected shortfall and that the impact on reserves is not sustainable.

8. CONSULTATION

8.1 The Executives draft budget will be issued for consultation on 16 December. The consultation feedback, together with the final Government Grant settlement (if available), will be considered by the Executive on 15 January, following which the Executive will make final budget recommendations to Council on 4 February 2014.

9. CONCLUSION AND REASONS FOR RECOMMENDATIONS

9.1 The Executive is requested to:

- (i) Note the updated budget projections for 2014/15 to 2018/19 and make recommendations, in the light of the budget pressures and savings submitted to date, together with the potential use of balances and reserves, in order to issue a draft budget for consultation purposes.
- (ii) Approve, for recommendation to Council as part of the budget process, the 2014/15 Local Support for Council Tax scheme.

10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

10.1 To ensure that a balanced budget is set.

Contact Officer: Steven Tickner Ext: 7280

Appendices attached to report:

- Appendix A – Principal Reports considered during the budget process**
- Appendix B – Existing Expenditure Commitments**
- Appendix C – Resource Projections**
- Appendix D – Savings Proposals**
- Appendix E – New Spending Pressures**
- Appendix F – Parish Precepts 2014/15**
- Appendix G – Council Reserves**
- Appendix H – Draft Statutory Report of Director of Resources**
- Appendix I – Risk Assessment of Level of Reserves**

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

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.

PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
RD36/13	10/09/13	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2014/15 to 2018/19
RD37/13	10/09/13	Capital Strategy 2014/15 to 2018/19
RD40/13	10/09/13	Asset Management Plan 2013 -2018
RD51/13	18/11/13	Revenue Base Estimates and Updated MTFP Projections 2014/15 to 2018/19
RD56/13	18/11/13	Provisional Capital Programme 2014/15 to 2018/19
RD53/13	18/11/13	Summary of New Revenue Spending Pressures
RD54/13	18/11/13	Summary of Savings Proposals
GD50/13	18/11/13	Charges Review – Licensing
GD55/13	18/11/13	Charges Review – Governance
CD53/13	18/11/13	Charges Review – Community Engagement
ED35/13	18/11/13	Charges Review – Economic Development
LE30/13	18/11/13	Charges Review – Local Environment
RD55/13	18/11/13	Treasury Management 2013/14 to 2018/19
RD58/13	18/11/13	Corporate Assets – 3 Year Repair and Maintenance Programme
RD62/13	16/12/13	Revenue Estimates: Summary of Overall Budgetary Position 2014/15 to 2018/19
RD65/13	16/12/13	Capital Estimates: Summary of Overall Budgetary Position 2014/15 to 2018/19
RD63/13	16/12/13	Draft Treasury Management Strategy Statement and Investment Strategy and Minimum Revenue Provision Strategy 2014/15

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2013/14		2014/15 Estimate £000	2015/16 Proj £000	2016/17 Proj £000	2017/18 Proj £000	2017/18 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	6,934	6,934	5,684	4,323	4,083	4,218	4,218
Treasury Management	178	178	495	519	841	706	706
Inflation Projection	5,176	5,176	5,951	6,746	7,563	8,399	9,258
2013/14 agreed Savings	(1,501)	(1,501)	(855)	(1,368)	(1,336)	(1,340)	(1,340)
2013/14 agreed Spending	589	589	545	923	1,015	1,123	1,123
2013/14 Budget Changes	(181)	(181)	(188)	0	0	0	0
Total Core Expenditure	11,195	11,195	11,632	11,143	12,166	13,106	13,965
Non Recurring Exp:							
Pre 2012/13 approvals	104	104	0	0	0	0	0
Treasury Management	662	662	0	0	0	0	0
2013/14 agreed Savings	(297)	(297)	(133)				
2013/14 agreed Spending	1,091	1,091	293	0	0	0	0
Carry Forwards	677	677	19	0	0	0	0
Use of Earmarked Reserves	0	182	0	0	0	0	0
Total non Recurring Expenditure	2,237	2,419	179	0	0	0	0
Total City Council Budget Requirement	13,432	13,614	11,811	11,143	12,166	13,106	13,965
Parish Council Precepts	452	452	463	475	487	499	511
Total Requirement	13,884	14,066	12,274	11,618	12,653	13,605	14,476

RESOURCE PROJECTIONS

RESOURCES PROJECTION	2013/14 Original Estimate £000	2013/14 Revised Estimate £000	2014/15 Estimate £000	2015/16 Proj £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000
Projected External Finance:							
- Revenue Support Grant	(4,094)	(4,094)	(3,066)	(2,613)	(2,485)	(2,390)	(2,291)
- Retained Business Rates	(2,913)	(2,913)	(3,003)	(3,093)	(3,186)	(3,281)	(3,380)
- Surplus on Collection Fund	(35)	(35)	(35)	(35)	(35)	(35)	(35)
- C/Tax for Parish Precepts	(399)	(399)	(409)	(421)	(433)	(445)	(457)
- Parish Council Tax Grant	(53)	(53)	(54)	(54)	(54)	(54)	(54)
- Council Tax Yield	(5,959)	(5,959)	(6,131)	(6,271)	(6,413)	(6,559)	(6,708)
Total Income based on 0.0% Tax increase Projections	(13,453)	(13,453)	(12,698)	(12,487)	(12,606)	(12,764)	(12,925)
Plus Approved Contributions from Balances:							
- Pre 20013/14 non recurring commitments	(766)	(766)	0	0	0	0	0
- 2013/14 non recurring commitments	0	0	0	0	0	0	0
- Pre 2010/11 recurring Carry Forwards	1,012	1,012	0	0	0	0	0
Reprofiling	(677)	(677)	0	0	0	0	0
Use of Earmarked Reserves	0	0	0	0	0	0	0
Total Use of Reserves	(431)	(613)	0	0	0	0	0
Total Projected Resources	(13,884)	(14,066)	(12,698)	(12,487)	(12,606)	(12,764)	(12,925)

SAVING PROPOSALS

Detail	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Expenditure Reductions					
Pay Award Savings 2014/15 & 2015/16	(223)	(454)	(466)	(478)	(490)
Inflation Savings	(200)	(200)	(200)	(200)	(200)
Invest to Save Schemes Completing	0	0	(35)	(35)	(35)
New Transformation Savings Required (Cumulative)	(1,000)	(1,000)	(1,000)	(2,100)	(3,100)
Total Savings	(1,423)	(1,654)	(1,701)	(2,813)	(3,825)
Increased Income					
New Homes Bonus 2011/12	0	0	(243)	(243)	(243)
New Homes Bonus 2014/15	0	?	?	?	?
Bring Site Recyclate Income	(64)	0	0	0	0
Housing Benefit Admin Grant	(150)	0	0	0	0
Total Additional Income	(214)	0	(243)	(243)	(243)
Retained Business Rates & Pooling	(600)	(600)	(600)	(600)	(600)
Changes to Funding	(600)	(600)	(600)	(600)	(600)
Total Savings	(2,237)	(2,254)	(2,544)	(3,656)	(4,668)
Split:					
Recurring	(1,023)	(2,254)	(2,544)	(3,656)	(4,668)
Non Recurring	(1,214)	0	0	0	0

NEW SPENDING PRESSURES

Detail	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Recurring					
Revenue Support Grant	0	250	250	250	250
Total Changes to Funding	0	250	250	250	250
Treasury Management	1,020	1,364	1,220	1,437	1,592
Asset Review Income	342	430	785	785	785
Pension Fund Revaluation	?	?	?	?	?
Pensions Auto Enrolment	127	127	127	127	127
Additional National Insurance Costs	0	0	250	250	250
New Homes Bonus 2012/13 Ceasing	0	0	0	0	408
Total Recurring Pressures	1,489	1,921	2,382	2,599	3,162
Total Recurring Spending Pressures	1,489	2,171	2,632	2,849	3,412
Non-Recurring					
Apprentice Scheme	32	56	0	0	0
Car Parking Income Shortfall	170	0	0	0	0
New Homes Refuse & Recycling Scheme	58	0	0	0	0
Plastic & Card Recycling Income Shortfall	67	0	0	0	0
Rapid Response Team	87	0	0	0	0
Green Box recycling income shortfall	53	0	0	0	0
Events	130	0	0	0	0
Development Control Income Shortfall	45	0	0	0	0
Enterprise Centre rentals shortfall	40	0	0	0	0
Local Plan Inquiry	175	0	0	0	0
Continuation of Temporary posts ending	38	0	0	0	0
Bring Sites Recycling Income shortfall	64	0	0	0	0
Total Non Recurring	959	56	0	0	0

PARISH PRECEPTS 2014/15

Parish Council	Precepts Paid 2013/14 £	Precepts Requested 2014/15 £	Percentage Increase
Arthuret	36,201		-100.00
Beaumont	5,290		-100.00
Bewcastle	3,441		-100.00
Brampton	70,355		-100.00
Burgh-by-Sands	12,596		-100.00
Burtholme	1,724		-100.00
Carlatton & Cumrew	1,566		-100.00
Castle Carrock	4,244		-100.00
Cummersdale	5,656		-100.00
Cumwhitton	3,407		-100.00
Dalston	39,528		-100.00
Denton Upper	1,005		-100.00
Farlam	2,985		-100.00
Hayton	14,350		-100.00
Hethersgill	5,673		-100.00
Irthington	4,875		-100.00
Kingmoor	7,117		-100.00
Kingwater	979		-100.00
Kirkandrews-on-Esk	6,392		-100.00
Kirklington	1,840		-100.00
Midgeholme	0		0.00
Nether Denton	3,051		-100.00
Nicholforest	3,426		-100.00
Orton	3,315		-100.00
Rockcliffe	2,462		-100.00
Scaleby	4,862		-100.00
Solport & Stapleton	2,640		-100.00
Stanwix Rural	37,666		-100.00
St Cuthbert Without	21,415		-100.00
Walton	4,526		-100.00
Waterhead	981		-100.00
Westlinton	1,873		-100.00
Wetheral	83,911		-100.00
TOTAL	399,352	0	-100.00

COUNCIL RESERVES

Council Reserves	Actual 31/03/13 £000	Revised 31/03/14 £000	Proj 31/03/15 £000	Proj 31/03/16 £000	Proj 31/03/17 £000	Proj 31/03/18 £000	Proj 31/03/19 £000
Revenue Reserves							
General Fund Reserve	(2,542)	(2,111)	(2,324)	(2,600)	(2,600)	(2,600)	(2,600)
Projects Reserve i	0	0	0	(620)	(485)	(451)	(156)
Sub Total	(2,542)	(2,111)	(2,324)	(3,220)	(3,085)	(3,051)	(2,756)
Collection Fund	(65)						
EEAC Reserve	(56)	(16)	0	0	0	0	0
Transformation Reserve	(495)	(313)	0	0	0	0	0
Building Control	17						
Licensing Reserve	(14)	(14)	(14)	(14)	(14)	(14)	(14)
Cremator Reserve	(143)						
Welfare Reform Reserve	(200)						
Conservation Fund	(116)	(126)	(126)	(126)	(126)	(126)	(126)
LSVT Warranties	(488)						
Total Revenue Reserves	(4,102)	(2,580)	(2,464)	(3,360)	(3,225)	(3,191)	(2,896)
Capital Reserves							
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Usable Capital Receipts	(6,679)	(4,083)	(2,045)	(1,552)	(102)	0	0
Borrowing Requirement	0	0	0	(5,000)	0	0	0
Potential Borrowing							
Requirement	0	0	0	0	0	(879)	(1,663)
Set Aside Capital Receipts	0	0	0	0	0	0	0
Asset Investment Reserve ii	(833)	(408)	(408)	(408)	(408)	(48)	(48)
Lanes Capital Reserve	(354)	(369)	(384)	(399)	(414)	(429)	(444)
Total Capital Reserves	(8,388)	(5,382)	(3,359)	(7,881)	(1,446)	(1,878)	(2,677)
Total Available Council Balances	(12,490)	(7,962)	(5,823)	(11,241)	(4,671)	(5,069)	(5,573)
Other Reserves iii	(96,010)						
Total Reserves	(108,500)						

(i) refer to paragraph 6.2 for further details;

(ii) The Balance on the asset investment reserve as recorded on the balance sheet is £47,643, however capital receipts of £785,023, are held as available resources in the Capital Adjustment account for Asset Investment Reserve.

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

DRAFT STATUTORY REPORT OF DIRECTOR OF RESOURCES

1. In setting its Budget Requirement, the Council is required under the Local Government Act 2003 (Section 25) to consider:
 - (i) The formal advice of the statutory responsible financial officer (Director of Resources) on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides;
 - (ii) The Council has to determine what levels of borrowing, if any, it wishes to make under the Prudential Code that governs local authority borrowing.

2. **Robustness of the Estimates**

Whilst relevant budget holders are responsible for individual budgets and their preparation, all estimates are scrutinised by Financial Services staff, the Senior Management Team and the Joint Management Team prior to submission to members.

The Council's revenue and capital budgets are integrated in that the financial impact of the proposed capital programme is reflected in the revenue estimates.

The Council has no history of overspending against budget, indeed, until recently there has tended to be a degree of underspending. However improved budget monitoring backed up by specific action where appropriate and base budget procedures have proven effective in addressing this issue.

There are risks however involved in projecting budgets particularly over the medium term and the year-end position will never exactly match the estimated position in any given year. Areas of specific risk in the current five-year period under consideration are:

- The Transformation programme is expected to achieve savings of £4.939million between 2014/15 and 2018/19, in order to meet the expected cuts in grants from central government and other budgetary pressures identified in this budget process. This will ensure that a balanced budget is produced and where Council reserves are replenished over the longer term.
- The level of interest receipts and return on Treasury Management activities are subject to market rates. Members are advised of this risk every year and it should be noted that in the current economic climate with low base rates, investment income returns in the medium term are very difficult to predict. The Council is also having to deal with a reduced number of counterparties it is able to place deposits with. Coupled with this is the increasing cost of Minimum Revenue Provision through the reduction in the amount of available capital receipts the Council has. Both of these factors place a significant pressure on the Revenue budget over the next 5 year period.

The main risks to the robustness of the estimates is the impact of the Transformation programme. The use of reserves will be necessary to fund this budget in the short term however it is not acceptable in the longer term and should only be seen as a short term fix. The proposals to be put in place need to bring reserve levels back to an acceptable level in the following 5 years. This is dependant upon the necessary steps being taken to resolve the ongoing projected deficit, as part of the Transformation programme. Specifically it will require the delivery of the savings proposals identified and continuing work to deliver further savings. Regular budget monitoring, particularly in the area of the

Transformation programme is imperative during this period. The level of the Council's future Capital Programme in taking account of a significant reduction in capital receipts also needs to be clarified.

- Central contingencies – there have been no contingency budgets built in to the existing estimates. This means that any unforeseen expenditure that cannot be contained within existing budgets will require a supplementary estimate to cover any costs. The budget proposals will significantly limit the capability to deal with any of these events and these may have to be found from within other budgets and reserves should the need arise.

2. Adequacy of Reserves

The level and usage of the Council's Reserves is undertaken annually as part of the Medium Term Financial Plan.

The appropriateness of the level of reserves can only be judged in the context of the Council's longer term plans and an exercise has been undertaken to review the level of reserves through the use of a risk assessment matrix. The findings of this exercise suggested that the minimum level should be set at £2.6m as a prudent level of General Fund Reserves which will be required as a general working capital/ contingency to cushion the Council against unexpected events and emergencies. Details of the Risk Assessment are shown in **Appendix I**. However, given the short term commitments highlighted in the budget proposals, it is necessary that the current General Fund reserve be used to fund the short term deficits. Stringent plans will be required in order to replenish the level of reserves in the following years and the budget proposed must identify the steps necessary to do this.

The Council's policy on reserves 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. The deficit projections must therefore be addressed and the Executive must set out in its Budget Discipline and Saving Strategy how it expects Officers to address the situation in setting the 2014/15 budget and preparing for the 2015/16-budget cycle.

Based on current projections, Council Reserves will fall to below minimum recommended levels in the years 2013/14 to 2014/15. Necessary steps are being taken to resolve the ongoing projected deficit by the delivery of savings proposals currently identified and identification of further savings via the Transformation Programme. It is accepted that the level of reserves will need to reduce until the impact of the transformation is effective and that the £2.6m General Fund Reserve is breached in the short term but that this is replenished over the following 5 years through a stringent savings strategy.

3. Determination of Borrowing

The new Prudential Accounting regime enables the Council to borrow subject to meeting criteria of affordability. The draft Prudential Indicators have been established and these will be finalised for Council approval once decisions on the overall Capital Programme have been made.

For the period under review the need for borrowing will be kept under consideration and will be dependent on the level of capital receipts being generated and the potential of future capital projects. Due to projects currently under consideration, the capital programme for 2014/15 to 2018/19 may require the use of Prudential Borrowing (including internal borrowing) to sustain levels depending on the levels of capital receipts that can be generated in the future. If borrowing is required, full option appraisals will be carried out.

RISK ASSESSMENT OF LEVEL OF RESERVES - 2014/15

APPENDIX I

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
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	Retained at £2.6million
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	Retained at £2.6million
Projected Shortfall/(Excess)of Current Reserve Balance over Risk Based Reserves				-13	

Report to Executive	Agenda Item: A.1(b)
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Meeting Date: 16 December 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: PROVISIONAL CAPITAL PROGRAMME 2014/15 TO 2018/19
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD65/13

Purpose / Summary:

The report provides an update to RD56/13, which was considered by the Executive on 18 November. 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 light of the 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) Make recommendations on the Provisional Capital Programme for 2014/15 to 2018/19 in light of the capital bids submitted to date together with the estimated available capital resources, for budget consultation purposes;
- (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:	16 December 2013
Overview and Scrutiny:	6 January 2014
Council:	4 February 2014

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.
- 1.3 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 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

- 3.5 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)	

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	0	0	0
Sheepmount Road	4.9	30	0	0	0	0
Bits 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)	1,226	1,317	578
TOTAL POTENTIAL PROGRAMME		7,128	8,007	2,589	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. The suggested prioritisation for the 2014/15 Planned Enhancements to Council Properties is as follows:

Property	Project	£
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
Civic Centre	Carry forward from 2013/14	50,000
	Total	350,000

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 (RD63/13).

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	2,589	2,480	1,741
Projected (Surplus)/Deficit	2,038	493	1,450	1,341	784
Cumulative B/Fwd Balance	(4,443)	(2,405)	(1,912)	(462)	879
Cumulative year end Position					
• Capital (Surplus) / Deficit	(2,405)	(1,912)	(462)	879	1,663

- 6.2 The Council may need to consider additional borrowing from 2017/18 onwards unless the significant receipts removed from the capital programme (see para 3.7) are realised before this time.

7. CONSULTATION

- 7.1 The Executive draft budget will be issued for consultation on 16 December. The consultation feedback will be considered by the Executive on 15 January, following which the Executive will make final budget recommendations to Council on 4 February 2014.

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) Make recommendations on the Provisional Capital Programme for 2014/15 to 2018/19 in light of the capital bids submitted to date together with the estimated available capital resources, for budget consultation purposes;
- (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

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 Accommodation 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.

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:

- Capital grant has been increased to include new funding for Empty Properties and Cenotaph Improvements.
- Revised projections from Riverside Group for 2013/14 will be provided in a future report to the Executive.
- The anticipated receipts from the Asset Management Plan have been reduced in line with revised projections.
- 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.
- Resources have been removed from the capital programme.
- 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).

<h1>Report to Executive</h1>	Agenda Item: A.1(c)
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Meeting Date: 16 December 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 STRATEGY STATEMENT, INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION STRATEGY 2014/15
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD63/13

Purpose / Summary:

This report sets out the Council’s Treasury Management Strategy Statement for 2014/15, in accordance with the CIPFA Code of Practice on Treasury Management. The Investment Strategy and the Minimum Revenue Provision (MRP) Strategy for 2014/15 are also incorporated as part of the Statement. So too are the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

Recommendations:

The Executive is asked to approve the Draft Treasury Management Strategy Statement for 2014/15, which incorporates the Investment Strategy and the MRP Strategy, together with the Prudential Indicators for 2014/15 for draft budget consultation purposes as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D.

Tracking

Executive:	16 December 2013, 15 January 2014
Overview and Scrutiny:	6 January 2014
Audit Committee:	24 January 2014
Council:	4 February 2014

1. BACKGROUND

- 1.1 The CIPFA Code of Practice on Treasury Management in Local Authorities was first issued in 1992 and updated in 1996 and 2001. The City Council formally adopted this Code in March 2002 and adopted the 2011 revision in February 2012. The updates made are minor, and centre around the changes in housing finance, Localism Act and the introduction of General Powers of Competence.
- 1.2 Under the requirements of the revised Code, the Council will receive each year the following reports:-
- Annual strategy and plan in advance of the year
 - A mid year review
 - Annual report after its close.

2. TREASURY MANAGEMENT STRATEGY STATEMENT

- 2.1 As required under the Code, the Treasury Management Strategy Statement for 2014/15, which also incorporates both the Investment Strategy for that year and the Minimum Revenue Strategy, is set out in **Appendix A**. The Strategy Statement was issued as part of the consultation period on the draft budget for 2014/15. The schedule of approved investment vehicles is contained in **Appendix B**. **Appendix C** includes a summary of current economic forecasts on interest rates that have been utilised in preparing the Strategy.
- 2.2 Also included within Appendix A are the **Prudential Indicators** that must be determined under the requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities. These requirements came into operation on 1 April 2004 under the provisions of the Local Government Act 2003. Part 1 of the Act allows a local authority to borrow money for any purpose that is within its control or for the purposes of the prudent management of its financial affairs. The main purpose for borrowing money is to fund capital expenditure although some short-term borrowing is permitted to cover temporary cash flow needs.
- 2.3 Since 1 April 2004 there has been no statutory limit to the amount that can be borrowed. There is, however, a requirement for full compliance with CIPFA's Prudential Code; the key objectives of which are to demonstrate that the proposed capital investment plans have been assessed by the Council as affordable, prudent and sustainable. Section 3(1) of the Act puts a duty on the Council to determine before the start of the financial year and keep under review the maximum amount

that it can afford to borrow. This amount is called the **Authorised Limit** and is discussed in Appendix A.

2.4 The Prudential Indicators will be monitored via the quarterly Treasury Management monitoring reports.

3. CONSULTATION

3.1 The Council has appointed Capita Asset Services Treasury Services as its Treasury Advisers and they have been involved in the Strategy and proposals contained within this report.

4. RECOMMENDATIONS

4.1 The Executive is asked to approve the Draft Treasury Management Strategy Statement for 2014/15, which incorporates the Investment Strategy and the MRP Strategy, together with the Prudential Indicators for 2014/15 for draft budget consultation purposes as set out in Appendix A and the Treasury Management Policy Statement as set out at Appendix D.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 To ensure 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 A – Treasury Management Strategy Statement
Appendix B – Approved Investment Instruments
Appendix C – Interest Rate Forecasts
Appendix D – Treasury Management Policy Statement

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

Economic Development – not applicable

Governance – The Council has a fiduciary duty to manage its resources effectively for the benefit of its area and the delivery of its services. Treasury Management is an important part of this function and it is appropriate that the Council has a strategy and takes account of the available specialist internal and external advice. The Treasury Management Strategy forms part of the Budget and Policy framework and, therefore, ultimately requires approval by Council.

Local Environment – not applicable

Resources – contained within the report.

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Statement

Carlisle City Council

2014/15

1. **INTRODUCTION**

- 1.1 The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next 3 years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 1.2 The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act and included as paragraph 9 of this report); these set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 1.3 The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009 and 2011.
- 1.4 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2011) was adopted by this Council in February 2012. The updates made were minor, and centred around the changes in housing finance, Localism Act and the introduction of General Powers of Competence.
- 1.5 The suggested strategy for 2014/15 in respect of the following aspects of the treasury management function is based upon officers' views on interest rates, supplemented with leading market forecasts provided by the Council's treasury consultants. The strategy covers the following issues:
- Treasury limits in force that will limit the treasury risk and activities of the Council;
 - Prudential and Treasury Indicators;
 - Current treasury position;
 - Borrowing requirement;
 - Prospects for interest rates;
 - Borrowing strategy considerations;
 - Debt rescheduling opportunities.

- Investment Strategy
- Minimum Revenue Provision Strategy

1.6 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future

2. TREASURY LIMITS 2014/15 TO 2016/17

2.1 It is a statutory duty, under S.3 of the Local Government Act 2003 and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount determined is termed the 'Affordable Borrowing Limit'.

2.2 The Council must have regard to the Prudential Code when setting its Affordable Borrowing Limit. This essentially requires it to ensure that total capital investment remains within sustainable limits and in particular, that the impact upon its future council tax levels is 'acceptable'. It is important to understand, however, that the Indicators themselves, which are set out in paragraph 3, do not have an inherently right or wrong answer. They are not intended as comparator information between different authorities but are designed to support and record local decision making.

3. USE OF TREASURY CONSULTANTS

3.1 The authority has, like most other authorities, employed treasury advisers for specialist advice and assistance for many years. In the case of this authority, this role has long been fulfilled by Capita Asset Services Treasury Services.

3.2 Capita Asset Services provide specialist advice on both borrowing and investment matters. They also supply other relevant information and hold regular client seminars which help provide up to date training in what is an important and continually changing field. That said, it is important to recognise that responsibility

for all treasury matters lies solely with the City Council and this responsibility is not delegated to Capita Asset Services or any other third party. The Council has regard to the advice and information supplied by Capita Asset Services along with advice and information from a variety of other sources. Such advice is valued and the authority is in frequent contact with Capita Asset Services but this does not lessen the ultimate responsibility of the City Council in dealing with treasury matters and taking relevant decisions.

4. **CURRENT PORTFOLIO POSITION**

The Council's treasury portfolio position at 30 November 2013 comprised:

Table 1		Principal £m	£m	Ave Rate %
Fixed Rate Funding	PWLB	0	15.0	8.76
	Market	15.0		
Variable Rate Funding	PWLB	0	0	0.00
	Market	0		
Other Long Term Liabilities			0	0.00
Gross Debt			15.0	8.76
Total Investments			21.3	0.85

5. **PRUDENTIAL AND TREASURY INDICATORS 2014/15 - 2016/17**

- 5.1 The Prudential and Treasury Indicators have been based on current projections for capital spending and resources in 2014/15 to 2016/17. The Council has ensured that future years' capital programmes have been set in accordance with the principles contained within the City Council's Capital Strategy and Asset Management Plan.

PRUDENTIAL INDICATOR AFFORDABILITY INDICATORS	2012/13 actual	2013/14 revised estimate	2014/15 estimate	2015/16 estimate	2016/17 estimate
	£000	£000	£000	£000	£000
Capital Expenditure	4,798	7,404	7,128	8,007	2,589
Ratio of financing costs to net revenue stream	9.08%	7.88%	11.94%	14.03%	15.28%
Net borrowing requirement in year	0	0	0	5,000	0
Capital Financing Requirement as at 31 March	6,017	10,701	12,776	18,944	22,435
Annual change in Cap. Financing Requirement	N/A	4,684	2,075	6,168	3,491
Incremental impact of capital investment decisions					
Increase in council tax (band D) per annum (£)	N/A	0.63	14.27	16.81	24.22

5.2 The estimates of financing costs include both current capital commitments and the draft capital programme as presented elsewhere on the agenda. The level of financing costs assumes a total of borrowing no greater than the amount forecast to be supported by revenue support grant. In the case of this authority, it is assumed that any support from central government towards the costs of capital expenditure programmes in the next three years will be by means of a capital grant.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2012/13 actual	2013/14 revised estimate	2014/15 estimate	2015/16 estimate	2016/17 estimate
	£000	£000	£000	£000	£000
Authorised Limit for External Debt:					
- Borrowing*	37,500	37,500	37,500	37,500	37,500
- Other Long Term Liabilities	100	100	100	100	100
TOTAL	37,600	37,600	37,600	37,600	37,600
Operational Boundary for external debt:					
- Borrowing*	32,500	32,500	32,500	32,500	32,500
- Other Long Term Liabilities	100	100	100	100	100
TOTAL	32,600	32,600	32,600	32,600	32,600
Upper Limit for fixed interest rate exposure:					
- Net principal re. Fixed rate borrowing/investments	100%	100%	100%	100%	100%
Upper Limit for variable rate exposure					
- Net principal re. Variable rate borrowing/investments	100%	100%	100%	100%	100%
Upper Limit for total principal sums invested for over 1 year	50%	50%	50%	50%	50%

* To be reviewed prior to final Treasury Management Strategy Statement being approved by Council in February 2014

Maturity structure of any fixed rate borrowing during 2013/14	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

5.3 In respect of its external debt, it is recommended that the Council approves the above authorised limit for its total external debt, gross of investments, for the next three financial years. The limit separately identifies borrowing from other long term liabilities such as finance leases. The Council will be asked to approve these limits and to delegate authority to the Director of Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities in accordance with option appraisal and best value for money. Any such change would be reported to the next available Council meeting.

- 5.4 The authorised limit is consistent with the authority’s current commitments, plans and proposals for capital expenditure and it’s financing. **However the overall authorised limit is not to be exceeded without prior Council approval.**
- 5.5 The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Director of Resources to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.
- 5.6 The City Council’s current limits for maximum levels of fixed and variable rate funding are both 100% and this is as recommended by the treasury advisers.
- 5.7 Prudence and Sustainability
The City Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services and adopted the 2011 version of the Code in February 2012.

The current minimum level of specified investments is set at 50%. It is recommended that this level be continued into 2014/15.
- 5.8 Monitoring of the Prudential Indicators will be incorporated into the quarterly Treasury Transaction reports presented to the Executive.

6. PROSPECTS FOR INTEREST RATES

6.1 The Council has appointed Capita Asset Services Treasury Services as a treasury adviser to the Council and part of their service is to assist the Council to formulate a view on interest rates. The following table gives the Capita Asset Services view although it should be noted that there are some very differing views among the various economic forecasters regarding the future pattern of these rates:

Year	%
2013/14	0.50%
2014/15	0.50%
2015/16	0.50%
2016/17	1.25%

- 6.2 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded in quarter 1 and 2 of 2013 to surpass all expectations. Growth prospects remain strong looking forward, not only in the UK economy as a whole, but in all three main Capita Asset Servicess, services, manufacturing and construction. One downside is that wage inflation continues to remain significantly below CPI inflation so disposbale income and living standards are under pressure, although income tax cuts have ameliorated this to some extent.
- 6.3 A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.
- 6.4 The current economic outlook and structure of market interest rates and government debt yields have several key treasury mangement implications:
- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt, in some countries, continue to rise to levels that compound already existing concerns. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
 - Investment returns are likely to remain relatively low during 2014/15 and beyond;
 - Borrowing interest rates have risen significantly during 2013 and are on a rising trend. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring even higher borrowing costs, which are now looming ever closer, where authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt, in the near future;
 - There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.
- 6.5 This challenging and uncertain economic outlook has several key treasury mangement implications:

- The Eurozone sovereign debt difficulties provide a clear indication of high counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2013/14 and beyond;
- Borrowing interest rates continue to be attractive and may remain relatively low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of carry – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns.

7. **BORROWING STRATEGY**

7.1 The Capita Asset Services forecast for the PWLB new borrowing rate is as follows:

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Mar-16
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB Rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	3.20%
25yr PWLB Rate	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	5.00%
50yr PWLB Rate	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	5.10%

7.2 The Council is, as stated above, not currently expecting to have any recourse to borrowing in 2014.15. It is anticipated that a combination of capital grants and internal resources will be used to meet most, if not all, capital commitments in the new financial year. Nevertheless, the use of external borrowing is planned for future years. This is particularly the case in respect of any future major capital projects which are planned to require an element of external borrowing as a part of the total funding package. The Director of Resources will therefore continue to monitor the interest rate market as regards borrowing opportunities as well as in respect of investment policy.

7.3 Policy on borrowing in advance of need

7.3.1 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

7.4 External v. Internal Borrowing

7.4.1 This Council currently has a difference between gross debt and net debt (after deducting cash balances).

7.4.1 The general aim of this treasury management strategy is to reduce the difference between the two debt levels over the next three years in order to reduce the credit risk incurred by holding investments. However, measures taken in the last year have already reduced substantially the level of credit risk (see paragraph 9) so another factor which will be carefully considered is the difference between borrowing rates and investment rates to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.

7.4.2 The next financial year will continue to be one of historically abnormally low Bank Rate. This provides a continuation of the current window of opportunity for local authorities to fundamentally review their strategy of undertaking new external borrowing.

7.4.3 Over the next three years, investment rates are therefore expected to be below long term borrowing rates and so value for money considerations would indicate that value could best be obtained by avoiding new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt (this is referred to as internal borrowing). This would maximise short term savings.

7.4.4 However, short term savings by avoiding new long term external borrowing in 2014/15 will also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.

7.3.6 Against this background caution will be adopted with the 2014/15 treasury operations. The Director of Resources will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to the appropriate decision making body at the next available opportunity.

8. DEBT RESCHEDULING

8.1 There is unlikely to be much scope for debt rescheduling in either the current financial year or in 2014/15. Only one substantial sum of long term debt remains on the authority's books. This is the £15m stock issue which dates from 1995 and is not due to mature until 2020. The current view is that a premature repayment is not

recommended because of the size of the premium payment that would be incurred. The position remains under review, however, if circumstances should change.

9. INVESTMENT STRATEGY

9.1 Principles

- 9.1.1 The City Council will have regard to CLG's Guidance on Local Government Investments and the 2011 revised CIPFA's Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").
- 9.1.2 The Council's investment priorities are:
- The security of capital
 - The liquidity of its investments
- 9.1.3 The Council will also endeavour to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. Security of principal will always be the primary consideration. The risk appetite of this Council is low in order to give priority to security of its investments.
- 9.1.4 The borrowing of monies purely to invest or to on lend and make a return is unlawful and the Council will not engage in any such activity. Any borrowing in advance of need will only be undertaken after a full financial assessment of the costs and benefits of drawing down any such funding.
- 9.1.5 Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non Specified' Investment categories. Individual counterparty limits will be set through the Council's Treasury Management Practices – Schedules which will be authorised by the Director of Resources.
- 9.1.6 Total investments with any one counterparty or group currently will not exceed £4m to ensure a reasonable spread of investments in terms of counterparties. Investments with HSBC shall not exceed £6m. However, Lloyds group and RBS Group will not exceed £8m as these establishments are currently funded by a majority shareholding by the UK Government.
- 9.1.7 This Annual Investment Strategy states which instruments the Council may use for the prudent management of its treasury balances during the financial year under the headings of **Specified Investments** and **Non Specified Investments**. These are listed in **Appendix B**. Essentially, specified investments are those with a maturity of

up to one year which have a suitable credit rating or are otherwise guaranteed e.g. by HM Government. All other investments are non specified.

9.1.8 Credit ratings will be used as one means of assessing the credit quality of rated counterparties although it is recognised that reliance should not be placed on credit rating alone. The minimum short term rating for a bank will be either F1 (Fitch) or P1 (Moody's). For a rated UK building society, a similar rating would be anticipated although the proposed criteria do give authority to the Director of Resources to approve, if considered appropriate, the addition of other building societies with both a F2 (Fitch) and a P2 rating (Moody's). This is still a high quality credit rating but recognises the very strong record of the UK building society movement over many years in protecting the capital of all depositors. The Strategy already allows discretion to the Director to include as counterparties non credit rated building societies whose assets total at least £1bn. There are some six societies in this category. Any such investment would be subject to an assessment of such a society as a suitable counterparty. There are, for example, good reasons why many building societies do not have a credit rating but there are other means of making an appropriate financial judgment.

9.1.9 Any investments with institutions that do not have a credit rating e.g. many smaller building societies or investments for periods over one year would be classed as non specified investments. **However it is important to stress that both the specified and non specified investments in Appendix B are perfectly legal instruments in which the City Council may invest.** This includes for example many building societies as only the larger societies have an individual credit rating although there are other criteria by which a judgement can be made as to their credit quality.

9.1.10 The minimum percentage of its overall investments that the Council will hold in specified investments is 50%.

9.2 Investment Strategy

9.2.1 With bank base rate at 0.5% and not generally expected to increase from this level until at least the end of 2016, investment conditions will continue to be difficult. The view of Capita Asset Services is that bank rate will be at the following levels at each year end:

Year	%
2013/14	0.50%
2014/15	0.50%
2015/16	0.50%
2016/17	1.25%

9.2.2 Clearly, these projections can only be best estimates at this stage and the risk is to the downside i.e. if the economic recovery is slower than expected, then interest rates are like to rise more slowly. At this stage, the budget has assumed an average yield of 1.0% on its investments in the next financial year. This allows for the fact that there are some higher value, longer term investments placed. This forecast will, however, be reviewed further during the budget cycle. Every 0.1% fall in average yield will cost the Council approximately £35,000.

9.2.3 In this situation, the authority will continue to try and seek value in its investments by placing them out for longer periods where possible e.g. six months to one year, to meet future cash flow needs, subject to retaining some sums for shorter periods to meet liquidity requirements and also to take advantage of any particular investment opportunities. Much of the basic framework of the authority's cash flows is already known for the next financial year and use will be made of this information in determining investment periods. The money market is monitored daily and use will be made of a plurality of sources of financial information in determining investment opportunities. All investments will be placed only with institutions that conform to the criteria set out in the Investment Strategy.

9.2.4 The investment income budget will, as ever, be carefully monitored in the coming financial year and reported to members via the regular Treasury Transactions reports.

9.3 End of Year Investment Report

In line with current practice, the Council will receive a report on its investment activity as part of the Annual Treasury Report at the end of the financial year. It should also be noted that best practice now requires a mid year report on the treasury function. This has long been the practice within the City Council where quarterly reports are presented to the Executive. In addition, the Audit Committee has taken on the role of the 'specialist committee' that oversees treasury matters.

10. THE MINIMUM REVENUE PROVISION STRATEGY

- 10.1 The Council implemented the new Minimum Revenue Provision (MRP) guidance in 2008/09, and will assess their MRP for 2014/15 in accordance with the main recommendations contained within the guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.
- 10.2 No requirement is currently anticipated to undertake any long term borrowing in either 2013/14 or 2014/15 although the authority will need at this stage to keep its options open. This is particularly so if any major capital project requires an element of long term borrowing as part of the overall funding package.
- 10.3 Notwithstanding this possibility, the City Council is still obliged to make proper provision for the repayment of its outstanding debt. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. land, buildings, vehicles etc. It would usually be impractical to charge the entirety of such expenditure, which is often funded by borrowing, to the revenue account in the year it was incurred. Instead, this is spread over a longer period to try and match the years over which these assets will benefit the community. The manner of spreading these costs is through the Minimum Revenue Provision (MRP). Until recently, the MRP was calculated according to detailed and complex regulations. It is now determined under Guidance.
- 10.4 The only statutory duty that a local authority has under the new MRP regime is *'to determine for the current financial year an amount of minimum revenue provision that it considers to be prudent'*. The Guidance, which authorities must *'have regard to'* provides four options for calculating the MRP as set out below. It is important to realise, however, that there is no obligation to follow any of these options and that it is up to each authority to decide upon the most appropriate method of making a prudent provision, having had regard to the Guidance.
- 10.4.1 Regulatory Method (Option 1)
This method is based upon the Regulations that were first promulgated in 2003 for the calculation of the MRP. It is based upon 4% of the authority's capital financing requirement (CFR). The CFR is a measure of the authority's level of outstanding debt. From this sum, the authority may subtract (if it is a negative figure) a technical adjustment known as 'Adjustment A'
- 10.4.2 Capital Financing Requirement Method (Option 2)
This is very similar to the regulatory method but it does not take account of Adjustment A.

Option 2 is the method currently approved by the City Council for use in 2013/14. The City Council's Adjustment A was a positive figure and it is allowed in such circumstances to disregard Adjustment A. To use Option 1 would have incurred an increased MRP liability for the City Council.

Options 1 and 2 can be used for borrowing incurred before 1 April 2008, whether supported or unsupported, and for supported borrowing after that date. Supported borrowing is borrowing that is notionally funded within the revenue support grant allocation. The Council may therefore use either option 1 or option 2 but because of the 'Adjustment A' factor, option 2 has previously been recommended.

10.4.3 Asset Life Method (Option 3) and Depreciation Method (Option 4)

One of these methods may be used for new schemes that require the Council to undertake any unsupported borrowing after 1 April 2008. They are fairly similar except that option 3 is based upon the estimated life of an asset whilst option 4 assumes that an asset will still be worth something after its useful life has expired. They can, however, also be used for supported borrowing incurred either before or after that date. To date, this authority has not undertaken any unsupported borrowing.

10.5 The authority has no firm plans at present to undertake any borrowing which is either supported or unsupported. Options 3 and 4, moreover, are particularly appropriate where assets can be identified that match past borrowing decisions. This situation does not apply to the City Council.

10.6 The City Council implemented the new MRP guidance in 2008/09. In that year its MRP charge was Nil because its opening CFR was also Nil. In 2013/14, the opening CFR was £6.0m which will result in an MRP of £240,000 (4% of the CFR) in this financial year. In future years, the CFR will increase to the extent that capital expenditure is not met by capital grant or revenue contributions. This expenditure will, however, be met under current plans by the set aside capital receipts as the Council still possesses the cash represented by these receipts. It is less likely to be funded from borrowing.

APPROVED INVESTMENT INSTRUMENTS

Specified Investments

All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' rating criteria where applicable. **A maximum of £4m of the investment portfolio** will be placed with any one counterparty or banking group, or a maximum of **£8m of the investment portfolio for Lloyds Group banks and RBS Group Banks and £6m with HSBC Bank (with £2m being limited to investments less than 1 month in duration)** whether by way of specified or non-specified investments except for building societies without a credit rating where **the limit will be £2m.**

Fixed Term Deposits with fixed rates and maturities:-	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	Government backed	In-house
Term deposits – local authorities	--High level of security	In-house
Term deposits – U K banks**	Short-term F1 (Fitch) or P1(Moodys)	In-house
Term Deposits – UK building societies**	Short Term F1 (Fitch) or P1 (Moodys) or as determined by the Director of Resources	In-house
Fixed term deposits with variable rate and variable maturities: -	Minimum 'High' Credit Criteria	Use
Callable deposits	Short-term F1 (Fitch) or P1 (Moodys)	In-house
Certificates of deposits issued by UK banks and building societies	Short-term F1 (Fitch) or P1 (Moodys)	In-house buy and hold
UK Government Gilts	Government backed	In-house buy and hold
Bonds issued by multilateral development banks	AAA	In-house on a 'buy-and-hold' basis.
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	In-house on a 'buy-and-hold' basis.
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs):	Minimum 'High' Credit Criteria	Use
-		
1. Money Market Funds	Short-term AAA	In-house
2. Enhanced Cash Funds	Short-term AAA	In-house
3. Government Liquidity Funds	Short-term AAA	In-house

** If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Non-Specified Investments:

A maximum of 50% will be held in aggregate in non-specified investments

1. Maturities of ANY period.

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits with non credit rated UK Building Societies	As approved by the Director of Resources. Minimum asset base of £1bn	In-house	50	364 days

2. Maturities in excess of 1 year

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – local authorities	Any authority	In-house	50	3 Years
Term deposits – UK banks and building societies	Long-term A (Fitch) or A2 (Moody's)	In-house	50	3 Years
Fixed term deposits with variable rate and variable maturities	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Certificates of deposits issued by UK banks and building societies	Long-term A (Fitch) or A2 (Moody's)	In house on a 'buy and hold basis'	50	3 Years
UK Government Gilts	Government backed	In house on a 'buy and hold basis'	50	3 Years
Bonds issued by multilateral development banks	AAA	In-house on a 'buy-and-hold' basis.	50	3 Years
Bonds issued by a financial institution which is guaranteed by the UK government	AAA	In-house on a 'buy-and-hold' basis.	50	3 Years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
1. Bond Funds	Long-term AAA	In-house	50	3 Years
2. Gilt Funds	Long-term AAA	In-house	50	3 Years

The Council uses Fitch (primarily) or Moody's ratings to derive its counterparty criteria. All credit ratings will be monitored monthly. The Council is alerted to changes in credit ratings through its use of the Capita Asset Services creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by a number of institutions. The first three are individual forecasts including those of UBS and Capital Economics (an independent forecasting consultancy). The final one represents summarised figures drawn from major City banks and academic institutions. The forecast within this strategy statement has been drawn from these diverse sources and officers' own views. Revised forecasts will be provided when they become available.

1. INDIVIDUAL FORECASTS

Capita Asset Services Interest Rate Forecast 14 November 2013

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Mar-16
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB Rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	3.20%
25yr PWLB Rate	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	5.00%
50yr PWLB Rate	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	5.10%

Capital Economics interest rate forecast – 14 November 2013

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
25yr PWLB Rate	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
50yr PWLB Rate	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%

UBS interest rate forecast (for quarter ends) – 14 November 2013

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB Rate	2.38%	-	-	-	-
25yr PWLB Rate	4.25%	4.25%	4.25%	4.25%	4.25%
50yr PWLB Rate	4.40%	4.40%	4.40%	4.40%	4.40%

TREASURY MANAGEMENT POLICY STATEMENT

Carlisle City Council defines treasury management as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

Carlisle City Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the authority.

Carlisle City Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

**EXCERPT FROM THE MINUTES OF THE
COMMUNITY OVERVIEW AND SCRUTINY PANEL
HELD ON 19 NOVEMBER 2013**

COSP.76/13 BUDGET 2014/15

(c) Review of Charges 2014/2015

- **Local Environment**

Report LE.30/13 was submitted, setting out the proposed fees and charges for the services falling within the remit of the Local Environment Directorate.

With regard to the City Centre Events and in view of the current economic climate, it was 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.

A new charging structure for car parks had been introduced in March 2012 under which car parks were grouped into four categories to reflect the varying demand from users for each car park. No increases in charges had been made since that time, and the existing charges for each category of car park; together with proposed amendments to special event charges to reflect the daily charge for parking; and car park ticket sales were set out at Section 3.2 of the report.

The revised charging structure also included the introduction of Pay by Phone facilities. Table 3a showed that such measures had not prevented a continuing decline in Pay and Display ticket sales, although the introduction of Pay by Phone had helped. The ticket sales from car parks had declined by an average of 11% over the last 2 years.

Although the uptake of Pay by Phone increased every month, it still only represented a minor element of ticket sales and income. For many shoppers, who were uncertain how long they may wish to stay, the use of Pay by Phone provided an opportunity to extend the parking duration without the inconvenience of having to return to the car as extended duration could easily be purchased. Officers in conjunction with local businesses planned to make users more aware of the advantages of that option in the hope that sales could be increased and that businesses benefitted from the flexibility that the option offered their customers.

The report also provided details of the existing Contract Parking Permit (Saver Parking Permits) charges and, as there were no proposals to change the standard parking charges, it was proposed that the contract parking charges remain unchanged.

It was further proposed to introduce a new charge of £6.00 per day for Builders Permits into the car parking scheme.

The summary of the car park ticket income over the last 2 years for the first 6 months of each year showed that the situation was more optimistic than with ticket sales. Overall income had increased by 1.2% in the past 12 months but still showed an overall fall of 6.3% over the last 2 years. If that improvement was sustained it may indicate the start of an upward trend. The economic situation had not yet shown much improvement and there was evidence to suggest that increasing charges would trigger a fall in car park usage. It was therefore proposed that charges remain unchanged for another year as set out in Table 2, at which time data would be available on whether the recovery in income had accelerated making an increase in charges more justifiable.

Three options for proposed increases in charges for football and rugby pitches, which were substantially in accordance with the MTFP target, were detailed at Tables 6, 7 and 8 – Option 2 being the Officer recommendation.

Details of the proposed charges in relation to Allotments; use of Parks and Green Spaces; Play Area Inspection Fee; Talkin Tarn Car Parking / Other Charges; Bereavement Services; and Environmental Health were also provided.

With the exception of Talkin Tarn, the income from which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income of £2,415,000 against the Medium Term Financial Plan target of £2,539,000. That represented a shortfall of £178,000 against the MTFP target.

The Executive had on 18 November 2013 (EX.129/13) considered the report and agreed for consultation the charges as set out in Report LE.30/13 and relevant appendices with effect from 1 April 2014; noting the impact of those charges on income generation, as detailed within the report.

In considering the report Members raised the following comments and questions:

- *There were three options in respect of sports pitch provision. Options two and three would put a huge burden on parents who may have two or more children attending a sports club.*

The Deputy Chief Executive explained that the Council subsidised sports clubs prior to those options being tabled and discussed with the Executive.

The Culture, Health, Leisure and Young People Portfolio Holder confirmed that the options would be looked at further.

The Director of Resources explained that the proposed increase outlined in option 1 was in line with the 3.8% increase across the board.

- *With regard to City Centre events Members agreed that charges for large commercial promotions should be doubled. How much did small and medium commercial promotions use the city centre?*
- *Was there any discretion on charges during the large markets for organisations such as Made in Cumbria?*

The Culture, Health, Leisure and Young People Portfolio Holder explained that all events go to the events group and the City Centre events were handled by the events team. The Council wished to have all events managed by one group. The Executive wanted local markets but events had to be rationalised and the charges looked at.

- *The Council would have to be careful that trade was not being taken from the covered market which was a concern particularly during Continental market weeks. Local businesses were important.*

In response to a query the Deputy Chief Executive advised that the minimum Play Area Inspection fee was £50. The Council acknowledged that Parish Council reserves were stretched and the fee was not designed to generate income. The burden of play area inspections was shared with Parish Councils but the Council was mindful of costs.

RESOLVED – That the observations of the Community Overview and Scrutiny Panel, as outlined above, be conveyed to the Executive

- **Community Engagement**

Report CD.53/13 was submitted setting out the proposed fees and charges for the Hostel services and Disabled Facilities Grants (DFGs) falling within the responsibility of the Community Engagement Directorate.

The report gave an overview of the current position with regard to the provision of housing related support within the Hostel Services and outlined proposed charges for 2014/15. Pending Executive approval for the revised rent charges, it was prudent to flag up a projected £30,000 deficit on the proposed 2014/15 revenue budget for the Hostels. A further review of hostel expenditure would be undertaken to bridge the shortfall and ensure that expenditure was in line with the budget.

The report outlined details of the proposed DFG fees for 2014/15, highlighting the need to review the MTFP for DFGs to accurately reflect the income as part of a review in 2013/14.

The introduction of the hostel charges and DFG proposed fee charges were forecast to generate income of £516,500 and £123,800.

The Executive had on 18 November 2013 (EX.130/13) considered the report and agreed for consultation the increase in charges, as set out in Report CD.53/13, with effect from 1 April 2014; and noted the impact thereof on income generation as detailed within the report.

The Director of Resources agreed to look at the apparent discrepancy in income from hostels within the report. Income from hostels was picked up by Housing Benefits which was monitored by the Director of Resources. Some hostels were not as full as expected in 2013/14 and there was a shortfall in income. It would be possible in the final charging period to include present charges within the table.

RESOLVED – That report CD.53/13 be noted.

**EXCERPT FROM THE MINUTES OF THE
ENVIRONMENT AND ECONOMY
OVERVIEW AND SCRUTINY PANEL
HELD ON 21 NOVEMBER 2013**

EEOSP.79/13 BUDGET 2014-15 TO 2018-19

(c) Review of Charges 2014/15

Report LE.30/13 was submitted, setting out the proposed fees and charges for 2014/15 relative to the services falling within the responsibility of the Local Environment Directorate.

The Executive had, on 18 November 2013 (EX.129/13), decided:

“That the Executive agreed for consultation the charges as set out in Report LE.30/13 and relevant appendices with effect from 1 April 2014; noting the impact of those charges on income generation, as detailed within the report.”

- **City Centre Events Charges**

In view of the current economic climate, it was 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 for 2014/15 would still meet the MTFP budget target requirement of £26,200. The charges had not increased since 2009 and the Executive may wish to consider increasing the charges as set out in Option 2, which introduced 3 categories of promotion (small promotions consisting of one vehicle or canopy; medium promotions consisting of 2 vehicles, canopies; large promotions were vehicles over 7.5 tons or multiple vehicles/canopies.

- **Car Parking**

A new charging structure for car parks had been introduced in March 2012 under which car parks were grouped into four categories to reflect the varying demand from users for each car park. No increases in charges had been made since that time, and the existing charges for each category of car park; together with proposed amendments to special event charges to reflect the daily charge for parking; and car park ticket sales were set out at Section 3.2 of the report.

The revised charging structure also included the introduction of Pay by Phone facilities. Table 3a showed that such measures had not prevented a continuing decline in Pay and Display ticket sales, although the introduction of Pay by Phone had helped. The ticket sales from car parks had declined by an average of 11% over the last 2 years.

Although the uptake of Pay by Phone increased every month, it still only represented a minor element of ticket sales and income. For many shoppers, who were uncertain how long they may wish to stay, the use of Pay by Phone provided an opportunity to extend the parking duration without the inconvenience of having to return to the car as extended duration could easily be purchased. Officers in conjunction with local businesses planned to make users more aware of the advantages of that option in the hope that sales could be increased and that businesses benefitted from the flexibility that the option offered their customers.

The report also provided details of the existing Contract Parking Permit (Saver Parking Permits) charges and, as there were no proposals to change the standard parking charges, it was proposed that the contract parking charges remain unchanged.

It was further proposed to introduce a new charge of £6.00 per day for Builders Permits into the car parking scheme.

The summary of the car park ticket income over the last 2 years for the first 6 months of each year showed that the situation was more optimistic than with ticket sales. Overall income had increased by 1.2% in the past 12 months but still showed an overall fall of 6.3% over the last 2 years. If that improvement was sustained it may indicate the start of an upward trend. The economic situation had not yet shown much improvement and there was evidence to suggest that increasing charges would trigger a fall in car park usage. It was therefore proposed that charges remain unchanged for another year as set out in Table 2, at which time data would be available on whether the recovery in income had accelerated making an increase in charges more justifiable.

- **Parks and Green Spaces**

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

With regard to low key commercial use, the intention was that Council Officers should have discretion to waive or reduce charges in circumstances where a commercial operator was needed in order to provide a catering service as part of a City Council run event. That responsibility was currently delegated to the Director of Local Environment. A sliding scale of charges was recommended for fun fairs.

- **Talkin Tarn**

In last year's Charges Review a proposal for implementing a new charging structure was put forward, and a compromise reached, as detailed in Table 9. It was proposed that those charges should remain for 2014/15. As a product the Talkin Tarn Membership was still in a developmental phase, and it was therefore proposed that the charge should remain at £52.00 per year.

The Business Plan for Talkin Tarn sought to generate income wherever it was feasible and safe to do so. Other charges currently prevalent at Talkin Tarn were outlined in Table 10. Charges had been increased in line with the MTFP requirement with the exception of fishing permits and swimming registration.

- **Public Health and Clean Neighbourhoods**

Central Government determined the range of fines for Fixed Penalty Notices, the fines issued by the City Council being the same as in 2013/14. Shopping trolley and Waste Transfer Note FPN offences had been added to the fees and charges for 2014/15.

- **Waste Services**

It was proposed to increase the charge for bulky waste items by £1 per 5 items to £18.

It was further proposed that the annual charge for clinical waste collections be deleted from the charging structure; the developer charge for new and replacement Euro bins be increased in line with the MTFP requirement; the charge for a 240 litre refuse or garden waste bin should increase; a new charge for replacement gull sacks be introduced; and the option of a reconditioned bin be offered to customers.

There were two facets to the Special Collections service, i.e. bulky waste collections and fixtures and fittings. In the event that Option 1 from Table 11 was 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.

- **Summary of Income**

With the exception of Talkin Tarn, the income from which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income of £2,415,000 against the MTFP target of £2,593,000. That represented a shortfall of £178,000 against the MTFP target.

In considering the report Members raised the following questions and comments:

- *What was the current occupancy rate at the Enterprise Centre? And could the Business Interaction Centre have an effect on the Enterprise Centre?*

The Director of Economic Development advised that the occupancy was approximately 60% which had not changed over the last twelve months. The biggest issue was that after businesses had been set up they were not moving on. That issue had to be addressed. The Director of Economic Development explained that the Business Interaction Centre offered a different service to the Enterprise Centre with more creative digital business support.

- *Better use could be made of the meeting room at the Enterprise Centre which could increase income.*

The Economy and Enterprise Portfolio Holder explained that new businesses were encouraged to move into the Enterprise Centre and the Economic Development Officer had been successful in that respect.

- *Members acknowledged that there were problems with the Enterprise Centre and queried whether it was feasible to continue with low occupancy figures. There would come a point where Officers would need to look at doing something else with part of the building.*
- *Cumbria had a low level of business start up and there were problems with the Enterprise Centre. Pressure should be put onto Government to do more to assist new businesses.*

The Director of Economic Development explained that the Council were trying to do more through the Local Enterprise Partnership (LEP) and a number of projects were being introduced. The Council had worked in partnership with the University to develop the Business Interaction Centre which would support small businesses but there needed to be a push by the LEP.

The Economy and Enterprise Portfolio Holder advised that a meeting of the Carlisle Economic partnership had been held that morning involving both public and private sector. The Partnership was aware of the needs of Carlisle and were working on ideas to ensure the public and private sectors to coordinate plans to enable them to put forward bids for funding which at present had to be submitted through the LEP.

- *In respect of City Centre changes the report offered two options including larger commercial promotions.*

The Environment and Transport Portfolio Holder advised that Members were looking at the options seriously and that there had been a healthy interest for large promotions within the City Centre.

- *There was disparity between the performance report on waste services and the budgetary report.*

The Director of Local Environment advised that it was dependent upon when the figures were reported. The Council were currently on target to meet income targets and were proposing to increase the charge for removal of bulky items to £18 which was an increase of £1. That was still a lower charge than some other districts. If the Council did not provide the service there would probably be an increase in the level of fly-tipping.

- *Would the proposed charge for replacement gull sacks be workable?*

The Director of Local Environment advised that only the cost of replacing and delivering a gull sack was passed on to the householder.

RESOLVED – (1) That Report LE.30/13 be welcomed.

(2) That the observations of the Environment and Economy Overview and Scrutiny Panel, as outlined above, be conveyed to the Executive.

- **Economic Development**

Report ED.35/13 was submitted, setting out the proposed fees and charges for the areas falling within the responsibility of the Economic Development Directorate.

The Executive had, on 18 November 2013 (EX.131/13), decided:

“That the Executive agreed for consultation the charges, as set out in the relevant Appendices to Report ED.35/13, with effect from 1 April 2014; noting the impact those would have on income generation as detailed within the report.”

- **Tourism and City Centre Management**

Although it was considered that there was little scope for increasing charges for other organisations across the country, a wider range of tickets together with other items such as fishing licences continued to be sold to try to maintain income. Following the refurbishment of the Old Town Hall the buying / sales strategy had been revised to stock a higher quality of merchandise with higher margins. Other opportunities were also being explored.

- **Assembly Rooms**

It was proposed that charges for use of the Assembly Rooms in 2014/15 be increased by 3.8%. Other opportunities to increase income were being explored as part of the internal refurbishment of the Tourist Information Centre.

- **Enterprise Centre**

Following the review of the Enterprise Centre management of the facility was undertaken from the Civic Centre, as a result of which any income received was solely derived from the rental and service charge of the occupied units. It was proposed to increase the rent and the service charge for 2014/15 by 3.8% in line with inflation.

- **Planning Services**

The planning fees had been increased last year and no further increases were proposed at the moment.

- **Building Control**

Fees were now kept under regular review by the Building Control Service and were set in line with other Cumbrian authorities.

- **Summary of Income Generated**

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

In considering the matter Members raised the following questions and comments:

- *Members were concerned about the proposed increase in charges at the Enterprise Centre.*

In response to a suggestion from a Member the Director of Economic Development advised that the charge for the use of the Assembly Rooms could be either £66 or £67 rather than the figure quoted in the report.

RESOLVED – That Report ED.35/13 be welcomed.

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 28 NOVEMBER 2013

ROSP.84/13 REVIEW OF CHARGES

a) Local Environment

Report LE.30/13 setting out the proposed fees and charges for 2014/15 relative to those services falling within the responsibility of the Local Environment Directorate was submitted.

Referring to the issue of City Centre events and in view of the current economic climate, it was 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 for 2014/15 would still meet the MTFP budget target requirement of £26,200.

A new charging structure for car parks had been introduced in March 2012 under which car parks were grouped into four categories to reflect the varying demand from users for each car park. No increases in charges had been made since that time, and the existing charges for each category of car park; together with proposed amendments to special event charges to reflect the daily charge for parking; and car park ticket sales were set out at Section 3.2 of the report.

The revised charging structure also included the introduction of Pay by Phone facilities. Table 3a showed that such measures had not prevented a continuing decline in Pay and Display ticket sales, although the introduction of Pay by Phone had helped. The ticket sales from car parks had declined by an average of 11% over the last 2 years.

The report also provided details of the existing Contract Parking Permit (Saver Parking Permits) charges and, as there were no proposals to change the standard parking charges, it was proposed that the contract parking charges remain unchanged.

It was further proposed to introduce a new charge of £6.00 per day for Builders Permits into the car parking scheme.

The summary of the car park ticket income over the last 2 years for the first 6 months of each year showed that the situation was more optimistic than with ticket sales. Overall income had increased by 1.2% in the past 12 months but still showed an overall fall of 6.3% over the last 2 years. If that improvement was sustained it may indicate the start of an upward trend. The economic situation had not yet shown much improvement and there was evidence to suggest that increasing charges would trigger a fall in car park usage. It was therefore proposed that charges remain unchanged for another year as

set out in Table 2, at which time data would be available on whether the recovery in income had accelerated making an increase in charges more justifiable.

Three options for proposed increases in charges for football and rugby pitches, which were substantially in accordance with the MTFP target, were detailed at Tables 6, 7 and 8 – Option 2 being the Officer recommendation.

The report outlined the charging proposals for Waste Services and Street Cleansing (set out on pages 29 - 32 of the bound budget book).

It was noted that, due to low demand for bulky waste collections, it could be difficult to cover the costs of the service. Two options were therefore presented within the report.

Details of the proposed charges in relation to Allotments; use of Parks and Green Spaces; Play Area Inspection Fee; Talkin Tarn Car Parking / Other Charges; Bereavement Services; and Environmental Health were also provided.

With the exception of Talkin Tarn, the income from which was ring-fenced, acceptance of the charges highlighted within the report would result in an anticipated level of income of £2,415,000 against the Medium Term Financial Plan target of £2,539,000. That represented a shortfall of £178,000 against the MTFP target.

The Executive had considered the matter on 18 November 2013 (EX.129/13 refers) and agreed for consultation the charges as set out in Report LE.30/13 and relevant appendices with effect from 1 April 2014; noting the impact of those charges on income generation, as detailed within the report.

RESOLVED – That report LE.30/13 be received.

b) Community Engagement

The Director of Resources submitted report CD.53/13 setting out the proposed fees and charges for the Hostel services and Disabled Facilities Grants (DFGs) falling within the responsibility of the Community Engagement Directorate.

The Report gave an overview of the current position with regard to the provision of housing related support within the Hostel Services and outlined proposed charges for 2014/15. Pending Executive approval for the revised rent charges, a projected £30,000 deficit on the proposed 2014/15 revenue budget for the Hostels was highlighted. A further review of hostel expenditure would be undertaken to bridge the shortfall and ensure that expenditure was in line with the budget.

The report outlined details of the proposed DFG fees for 2014/15, highlighting the need to review the MTFP for DFGs to accurately reflect the income as part of a review in 2013/14.

The introduction of the hostel charges and DFG proposed fee charges were forecast to generate income of £516,500 and £123,800.

The Executive had considered the matter on 18 November 2013 (EX.130/13 refers) and agreed for consultation the increase in charges, as set out in Report CD.53/13, with effect from 1 April 2014; and noted the impact thereof on income generation as detailed within the report.

RESOLVED – That report CD.53/13 be received.

c) Economic Development

The Director of Resources submitted joint report (ED.35/13) setting out the proposed fees and charges for areas falling within the responsibility of the Economic Development Directorate. The proposed charges related to Economic Development and Tourism; and Planning Services.

Acceptance of the charges highlighted within the report, with the exception of Building Control which was self financing, would result in an anticipated level of income of £595,600 against the Medium Term Financial Plan target of £595,600.

The Executive had considered the matter on 18 November 2013 (EX.131/13 refers) and agreed for consultation the charges, as set out in the relevant Appendices to Report ED.35/13, with effect from 1 April 2014; noting the impact those would have on income generation as detailed within the report.

A Member reminded the Panel that a Task and Finish Group had previously scrutinised the Enterprise Centre. As part of the scrutiny the Group had been informed that the Enterprise Centre would be re-roofed with a plastic coating which would have a 25 year guarantee. He asked if the work would be going ahead.

The Director of Resources explained that the plastic roofing was a short term solution which would allow the Council to give further consideration to the future of the Enterprise Centre.

Members commented that they supported the work that was being undertaken in the Enterprise Centre but agreed that the building was no longer suitable. They were satisfied that the occupancy rate had remained steady at 60% in such an uncertain climate.

RESOLVED – That report ED.35/13 be received.

d) Governance

The Director of Resources submitted report GD.55/13 setting out the proposed fees and charges for areas falling within the remit of the Governance Directorate.

The report outlined the proposed charges in respect of Electoral Registers; Minute Books, Room Bookings and Access to Information Requests; Health and Safety; and MOT charges.

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

The introduction of the proposed charges was forecast to generate income of £152,600 in 2014/15.

The Executive had considered the matter on 18 November 2013 (EX.132/13 refers) and agreed for consultation the charges as detailed within Report GD.55/13 and set out in Appendix A, with effect from 1 April 2014; and noted the impact thereof on income generation as detailed within the report.

RESOLVED – That report GD.55/13 be received.

e) Licensing

The Director of Resources submitted report GD.50/13 setting out the fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. He advised Members that the Regulatory Panel had responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013, which fell to the Executive.

The Executive had considered the matter on 18 November 2013 (EX.133/13 refers) and decided

“That the Executive:

1. Noted the charges which would be submitted for consideration by the Regulatory Panel on 20 November 2013.
2. Had considered and approved the appropriate fees under the Scrap Metal Dealers Act 2013, as outlined at paragraph 4.7 and Appendix ‘A’(C) of Report GD.50/13.”

RESOLVED – That report GD.50/13 be received.

Report to Executive	Agenda Item: A.3
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Meeting Date: 16 DECEMBER 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: RD66/13

Purpose / Summary:

This report provides an update to report RD60/13 which was considered by the Executive on 18 November. The report provides guidance and makes recommendations as to the level and type of Reserves that the Council should hold.

Recommendations:

The Executive is 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 (i)	5.14	47,643
		924,843

Note (i): The Balance on the asset investment reserve as recorded on the balance sheet is £47,643, however capital receipts of £785,023, are held as available resources in the Capital Adjustment account for Asset Investment Reserve.

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 Economic Development. 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 Resources 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 Governance. 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 surcharges 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 Deputy Chief Executive 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 was considered by Resources Overview and Scrutiny Panel on 28 November 2013.

7. CONCLUSION AND REASONS FOR RECOMMENDATIONS

7.1 The Executive is 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

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 28 NOVEMBER 2013

ROSP.89/13 REVIEW OF RESERVES AND BALANCE

The Director of Resources reported (RD.60/13) that a fundamental review of all of the Council's reserves was last undertaken in 2003. It was therefore timely that, given current budgetary constraints, a further review be carried out to establish whether all current reserves held were still required. He further outlined the legislative and governance requirements relative thereto.

Reserves could be held for three main purposes:

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

Members' attention was drawn to the current actual reserves held by the Council as at 31 March 2013, details of which were provided at Section 4.1 of the report.

The Director of Resources reiterated that, as there were significant budgetary pressures on the Council in the coming years, the reserves highlighted above had been reviewed to determine whether they were adequate, still required and whether any potential existed for the release of any funds back to the General Fund. He added that certain reserves were still business critical, for example Welfare Reform, Transformation and Cremator Replacement. It was proposed that those reserves remain untouched at the present time.

Guidance in relation to the purpose of the various Reserves, and how and when they could be used was also provided at Section 5 of the report.

The Executive had on 18 November 2013 (EX.139/13) considered and received the report.

“That the Executive:

1. Had considered the level and type of reserves held by the Council, noting their designated use as outlined in Section 5 of Report RD.60/13, and;

2. Approved, for recommendation to Council, the release of the LSVT warranties reserve to the General Fund Reserve. “

RESOLVED – That report RD.60/13 be welcomed.

Report to Executive

Agenda
Item:

A.4

Meeting Date: 16th December 2013
Portfolio: Culture, Health, Leisure and Young People
Key Decision: Yes: Recorded in the Notice Ref:KD
Within Policy and Budget Framework YES
Public / Private Public

Title: TULLIE HOUSE MUSEUM & ART GALLERY TRUST BUSINESS PLAN 2014 - 2017
Report of: The Deputy Chief Executive
Report Number: SD10/13

Purpose / Summary:

This report returns the Tullie House Museum and Art Gallery Trust 2014- 2017 Business Plan to Carlisle City Council's Executive.

The purpose of the report is to allow final consideration of the Business Plan, in order that Executive may confirm core funding for the Trust (and inform the Council's ongoing budget setting process accordingly).

This is in line with Section 5 of the Partnership Agreement signed at the establishment of the Trust that the Business Plan submitted by the Trust to the City Council should be used as the basis agreeing funding.

Recommendations:

The Executive is asked to:

- (i) consider and approve the Tullie House Business Plan for 2014 – 17;
- (ii) approve Carlisle City Council's grant of £1,217,200 (including inflationary increases up to and including 2011/12) to the Tullie House Trust in respect of core funding for the period 2014-15
- (iii) note that the Tullie House Business Plan does reflect the proposed reduction in core funding levels to £967,200 (including inflationary increases up to and including 2011/12) for the periods 2015-16 and thereafter (a reduction of £250,000 as reflected in the City Council's Medium Term Financial Plan).

Tracking

Executive:	16th December 2013
Overview and Scrutiny:	19th November 2013
Council:	7th January 2014

1. BACKGROUND

- 1.1** The Council on 14th December 2010 approved the principle of establishing a new Charitable Trust to run the Tullie House Museum and Art Gallery. Tullie House Museum and Art Gallery transferred from Carlisle City Council to an independent company on 5th May 2011.
- 1.2** The partnership agreement between Tullie House Trust and Carlisle City Council states that the core funding for future years granted from the Council to the Trust is set following consideration of a business plan submitted annually by the end of October. Specifically it states:

“Core funding for 2012/13, 2013/14 and 2014/15 will be agreed by a Business Plan submitted by MT to Carlisle not later than 31 October 2011 and core funding for 2015/16 will be agreed through a business plan which covers the period 2013/14 to 2015/16 submitted by MT to Carlisle not later than 31 October 2012.

Each year thereafter core funding for the third subsequent financial year will be agreed through a Business Plan following the above process (Core Funding for the first and second subsequent financial years already having been agreed through the previous Business Plan following the above process).”

- 1.3** This report presents the Tullie House Business Plan for the period 2014/15 through to 2016/17.

2. PROPOSALS

- 2.1** Executive are asked to review the business plan and confirm the Core Funding level for 2014/15. They are also asked to note the Business Plan’s response to proposed funding levels for 2015/16 and 2016/17.
- 2.2** Executive are asked to consider the content of the plan and highlight any areas of concern or risk so that these are reflected and monitored within the Tullie House performance framework and the regular contract monitoring meetings.

3. CONSULTATION

- 3.1** The Tullie House Business Plan has been considered initially by Executive on 18th November. It was noted that the Business Plan does confirm that the Tullie House Trust have acknowledged, and are preparing for the proposed budget reductions from 2015/16. At that point Executive requested the input of the Community Overview and Scrutiny Panel.
- 3.2** The Tullie House Business plan was considered by the Council’s Community Overview and Scrutiny Panel (on 19th November). The panel were broadly supportive of the Trust’s aims and achievements to date and of the proposed Business Plan. The panel also noted that the business plan did acknowledge, and plan for, the proposed budget reductions from 2015/16. They also discussed the

outlined plans for increasing revenue and developing the museum and services. The full Overview and Scrutiny Panel meeting minutes accompany this report to Executive.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 The recommendations allow for Business Plan and associated core funding to be approved in line with the Partnership agreement.

4.2 The Executive is asked to:

- (i) consider and approve the Tullie House Business Plan for 2014 – 17;
- (ii) approve Carlisle City Council's grant of £1,217,200 (including inflationary increases up to and including 2011/12) to the Tullie House Trust in respect of core funding for the period 2014-15
- (iii) note that the Tullie House Business Plan does reflect the proposed reduction in core funding levels to £967,200 (including inflationary increases up to and including 2011/12) for the periods 2015-16 and thereafter (a reduction of £250,000 as reflected in the City Council's Medium Term Financial Plan).

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 "We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle."

Contact Officer: Darren Crossley

Ext: 7004

**Appendices Tullie House Business Plan 2014-15 to 2016-17
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 -

Economic Development –

Governance – As explained in the Report, in accordance with the Partnership Agreement, Tullie House are required to submit their business plan to the Council for consideration as part of the Budget Process.

Local Environment –

Resources - The MTFP assumes provision for the core funding of the Tullie House Trust in accordance with the Partnership and Funding agreement. This equates to core funding totalling £1,217,200 which includes the cost of inflation for 2011/12. The Business Plan also assumes an inflationary increase for 2012/13 of approximately £15,000. However further work is still required to agree this inflationary increase and discussions will continue with officers from the Tullie House Trust to address this. A reduction in core funding in 2015/16 of £250,000 has been assumed in the MTFP which is also reflected in the Trust's Business Plan. Other issues requiring clarification include the tender exercise for the provision of central services and how the £250,000 reduction in core funding will be delivered.



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1 INTRODUCTION

This, the third business plan to be prepared annually by the Tullie House Trust, covers the three years from 2014/15 to 2016/17. Although the first two years, 2014/15 and 2015/16 were included in last year's plan, this latest plan is based on an assumed reduction of £250k in the Council's annual core funding from 2015/16. This planned reduction has caused the Trust to carry out an intensive review of both its income generation activities and its costs, which is in turn reflected in some substantial changes to our financial projections.

This apart, the key development since last year's plan is that the Trust Board has recently decided to move forward to the intensive planning stage of a major development of Tullie House Museum and Art Gallery. This will involve our working closely with Carlisle City Council to ensure that the Trust's vision for Tullie House and the project is clearly communicated to the Council, that the Council's objectives and requirements are fully taken into account, that all relevant features and aspects of the project are properly explained, and that the Council is actively involved throughout the planning and implementation stages of the project.

The project is grounded in the Trust's vision that *'Tullie House will be one of the leading and most influential arts and cultural institutions in Cumbria, providing a vibrant and proactive centre for heritage and the arts in Carlisle. It will directly serve the people of the city and its visitors, playing a leading part in the cultural, social and economic life of the north of England...'* It would include:

- A completely new approach to the interpretation and display of the collections, in line with latest international standards, which utilises the latest applications of digital technology for museums.
- Substantial increases in gallery space, together with radical improvements to visitor access and circulation between the galleries and public areas.
- Opening up non-visitor access to the collections through continuing application of latest online digital technology developments.
- Construction of a new on-site store for the collections, enabling items that are not on display to be housed in a safe and secure environment that is accessible to staff, researchers and visitors alike.
- Transformed learning and education facilities, to ensure that Tullie House is able to provide school and college students with a truly excellent environment in which to discover and profit from the richness and diversity of what Tullie House has to offer.
- Enhanced visitor facilities, including visitor orientation, catering and retail.

This ambitious project, which has the potential hugely to enhance Carlisle's attraction as a visitor destination, has been indicatively costed at £16m - £18m. A project of this size and ambition will require the mobilisation of large-scale external capital funding as well as a high level of planning and implementation expertise. It will also imply further transformation of the Tullie House organisation's culture, skills and resources. The Trust has identified Heritage Lottery Fund as its prospective lead funding partner, and following discussions with HLF intends to submit the initial application for HLF

Business Plan 2014/15 to 2016/17

stage 1 funding in November 2014 - the first annual submission deadline that can realistically be achieved.

Although the main impact of this project would occur after the period covered by this business plan, considerable effort will be required in the first year of the plan to prepare the stage 1 HLF funding application. This has been reflected in the budget for 2014/15 in this plan. To move from HLF stage 1 to stage 2 would require a further year of detailed planning and fundraising. This would occur in 2015/16 and 2016/17, and has not, at this relatively early stage, been reflected in this plan's budgets for those years. Full implementation of the project would not occur before 2017/18, and lies outside the time horizon of this plan.

The City Council is the Trust's key partner. The Trust has two City Council Members on the Trust Board. There are regular meetings between Trustees and senior Trust staff, and the Leader of the Council and senior Council officers. The Trust works with the City Council to develop initiatives such as the Carlisle Pageant and the Commemoration of World War One starting in 2014, and has been consulted by the Council over its proposed Carlisle Arts Centre. The Trust is involved in the new *Carlisle Story* network, and Trustees are working with the City Council on the development of the Historic Quarter. The Tullie Card for Carlisle residents is the result of close working with the City Council. And as already mentioned, the City Council would be our key partner in the redevelopment of Tullie House.

In preparing the business plan for the next three years, the Trust appreciates the continued support of the City Council. Performance indicators are agreed with the City Council and regular quarterly meetings are held with Council Officers. The Tullie House Departmental Management Team continues to work with Council Officers in areas such as HR, building maintenance, community engagement, payroll, finance, tourism and property, to ensure that there is a mutual understanding of targets, opportunities and goals.

1.1 Strategic themes

The strategic themes underpinning the plan, which provide the broad framework for the Trust's activities and actions for the next three years, were set out in detail in last year's plan and have been carried forward from last year's plan. They are:

- **Collections** - developing and making the collections more accessible and relevant to audiences.
- **Audiences** - using collections to extend our reach by developing existing and new audiences.
- **Resources** - staff development, business development and generating income.

However our strategic priorities have moved on since last year's plan, reflecting the impending reduction in the Council's grant, which means we have to focus ruthlessly on resources - income generation, cost management and improving the ways we do things - alongside our determination to proceed with the major development plan for Tullie House.

1.2 Organisation of this document

This document is organised into five sections following this Introduction. We start in Section 2 by summarising the highlights of the past year and look briefly at key trends in visitor numbers. Sections 3 to 5 then set out our plans in relation to each of the Trust's strategic priorities: Section 3 deals with the collections, Section 4 with our audiences and Section 5 with our approach to managing resources with a particular focus on developing the organisation and generating income. Section 5 also raises some premises issues that are important to the plan. The concluding section, 6, sets out our proposed three-year budget for 2014/15 to 2016/17.

Appendix A reproduces relevant paragraphs of the Partnership and Funding Agreement between Carlisle City Council and Tullie House Trust relating to the business planning process.

FINAL DRAFT

2 HIGHLIGHTS OF THE PAST YEAR

In 2012 Cumbria received 38m visitors, made up of 32.8m day trippers and 5.2m overnight visitors. 2012 proved to be a difficult year for the visitor economy in Cumbria, as elsewhere. Poor weather for much of the year and the adverse effects of many London-centred events such as the Diamond Jubilee and Olympics, along with the continuing squeeze on people's disposable income, adversely affected the number of visitors to Cumbria and their propensity to spend. Day visitors, which accounted for 65% of the county's visitor days in 2012, were down by 6% (equating to a fall of 2.0m people). Total spending by day visitors fell by 15% (£193 million), which means that spend per visitor dropped by nearly 10%.

As almost 70% of our visitors come from outside Carlisle, this challenging market context inevitably impacted our visitor numbers which, at 221,000, were down by 9.8% in 2012/13. Despite this, the Trust has recorded some significant achievements over the eighteen months since April 2012, which have included:

- Mounting the George Howard exhibition with the support of the Heritage Lottery Fund, which received extremely good reactions from both our visitors and the media.
- Creating diverse exhibitions including *Into the Light*, *Street Art*, *C-Art at Tullie* and the new *Hartnell and Amies*.
- Starting work on the Arts Council's £3.2m Major Grant Fund award to the Cumbria Museums Consortium, led by Tullie House Trust and also including Lakeland Arts Trust and Wordsworth Trust, which is financing a three-year programme to develop access to Tullie House and other key custodians of the county's cultural heritage.
- Being awarded:
 - the Cumberland News Group's 2012 Business Award for Tourism and Hospitality,
 - the Sandford Award for Excellence in Heritage Education 2013, and
 - the Curious Minds *New Settings* Award for the North-West. This was for delivery and commitment to the arts and embedding arts into our education programme.
- Being long-listed, for the second year in a row, for the Daily Telegraph's Family-Friendly Museum Award, which is voted for by families visiting Tullie House. This ranks us as one of the top twenty family-friendly museums in the UK.
- Our successful collaboration with the British Museum to exhibit the Crosby Garrett Helmet in both Carlisle and London, with significant support from arts funding organisations and the Friends of Tullie House. (This exhibition opened in Tullie House in November 2013 and moves to the British Museum in February 2014.)
- Hosting 8,115 visits from Carlisle's school children, and reaching 1,384 people through our outreach programme, in 2012/13.
- Receiving *Good/Very Good* ratings by:
 - 93.4% of our visitors for the quality of our venue, and

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- 94.5% of our visitors for the enjoyment of their visit.
- Managing our finances prudently and achieving the financial targets (including cost reduction targets) agreed with the City Council.
- Maintaining the stability and morale of our staff after a period of restructuring and redundancies.

In March 2013 we introduced a new admissions charging structure, the key features of which included:

- Bringing Old Tullie House into the scope of the charging structure, which has simplified visitor circulation and gallery monitoring.
- Reducing the cost of the Tullie Card for Carlisle residents from £3 for two years to £1 for one year.
- Raising the standard adult admissions charge for non-Carlisle residents from £5.50 to £7, with an increase in concessions charges from £3.60 to £5.
- Introducing a discretionary charge of £3 for special exhibitions.
- Raising the age of free admission to 18, which applies to non-Carlisle as well as Carlisle residents.

While we have not yet carried out a full review of the impact of these new charges, the most popular admission ticket for 2013 to date is the £5 concession ticket. This is consistent with our visitor research which shows that 60+ is the largest age group visiting Tullie House, accounting for 54% of all adult entrants. (22% of our visitors used a Tullie Card and 19% purchased a standard admission ticket.)

The main change in our adult visitor profile by age band over the past year has been a relative increase in the 45-49 age range, which at 22% of visitors is now the second largest, having displaced the 35-44 age band from that position. This change probably reflects our recent special exhibitions programme which has been mainly aimed at family audiences, although this may shift again toward the end of the present financial year, after the forthcoming *Mechanical Circus* exhibition.

3 COLLECTIONS: Developing and making the collections more accessible and relevant to audiences

3.1 Cumbria's 20:20 Museum

Tullie House's superb collections lie at the heart of what we have to offer our audiences. They have the potential to inspire the residents of Carlisle, including successive generations of school children, and to attract people from much further afield to spend time in the city. Properly interpreted, displayed and managed, they are a priceless asset.

The Trust has been looking carefully at what needs to be done to ensure the collections are able to play this role through to the mid-21st century. Urgency has been added to this by the facts that we shall lose a substantial part of our collections storage space in 2016 when our existing lease at Shaddon Mill expires, that most of the rest of our storage space is inadequate, that our education and learning facilities are completely out of date, that our gallery space (even after the opening of the excellent Roman Frontier Gallery) is much too limited to permit enough of the collections to be permanently displayed, and that the physical layout of the buildings gets in the way of optimal visitor circulation.

The Trustees concluded that unless these and other pressing issues were properly addressed it would be impossible for Tullie House to continue to play its full part in the life of Carlisle and achieve what both the Trustees and the City Council want and expect of it.

To help get started we asked consultants to provide some preliminary ideas on a new interpretation strategy that recognised the strengths of the collections and the stories they can tell, and on how:

- a. Much more of the collections could be made accessible to visitors and students alike, whether through additional gallery space or a new 'accessible' store.
- b. The current orientation of the present buildings and visitor flow could be improved along with the external approach and 'visibility' of the museum.
- c. We might take advantage of vacant adjacent buildings on the Tullie House site in good time for the end of the lease on Shaddon Mill.
- d. All of this could be used to maximise visitor numbers and revenues while reducing costs.

It became clear from this review that these objectives could only be realised through a project that involved significantly re-orientating and enlarging the existing galleries, building a new accessible storage facility on the garden site of the adjacent Herbert Atkinson House, and repositioning the museum's main entrance so that it faced the City's historic quarter. In parallel with this a new interpretation strategy emerged, based on a new theme - 'The Museum Unpacked' – which, informed by four unifying sub-themes that reflect particularly strong aspects of the collections: Life, Landscape, Legacy and Laboratory, would allow visitors to explore and learn about the collections from a curatorial point of view.

It also became clear that such a project would involve substantial capital expenditure. The consultants identified five options, ranging from a minimal scheme that would meet immediate near-term needs but do little to address the wider issues, to a comprehensive integrated set of

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developments that would address all of the problems and priorities, both immediate and longer-term. They provisionally costed the capital sums required as between £5m for the minimal scheme to £16m for the most comprehensive.

After reviewing the options, the Trustees concluded that only the comprehensive option offered a clear and exciting way forward for Tullie House that would enable it to remain a vibrant and proactive centre for heritage and the arts in Carlisle and beyond. The Trustees asked the Museum Director and her team to develop the consultants' initial ideas into a clear and coherent vision and strategy for a major museum redevelopment that would command the confidence of key partners, most notably Carlisle City Council, but also HLF, which had been identified as the most likely lead funding partner, and other potential funders.

This further internal work has developed and refined the approach outlined by the consultants into a clear vision and strategy for a major transformational project that will significantly raise the game of not only Tullie House but also the city of Carlisle.

3.1.2 Next steps

The Trust will:

- Work closely with Carlisle City Council, the Trust's key partner on this redevelopment, to ensure the City Council is fully supportive of all aspects of the redevelopment. The Trust is keenly aware that the onus is on the Trust to achieve this.
- Engage the University of Cumbria and other key strategic partners such as Cumbria County Council on refining the *Cumbria's 20:20 Museum* proposal.
- Prepare the Stage 1 bid for submission to the Heritage Lottery Fund in November 2014 to support development of the *Cumbria's 20:20 Museum* vision into a detailed plan and implementation approach capable of attracting capital funding.
- Initiate a 20:20 pilot programme that will develop exploratory ideas for the developments, provide an 'incubation' area and stimulate and challenge our approach.
- Apply for funding to support the *Cumbria's 20:20 Museums* vision and develop the pilot programme.
- Prepare an application for Designated Museum status for Tullie House's outstanding natural sciences collections. Designated status would widen our opportunities to raise the profile of the natural sciences collections, encourage safeguarding of the collection and allow funding to be targeted in support of the collection.
- Work with the higher education sector, particularly the University of Cumbria, to develop the research potential of the museum as part of *Cumbria's 20:20 Museum*.
- Use *Cumbria's 20:20 Museums* to develop the skills of staff and volunteers and seek out opportunities to maximise funding opportunities to widen skill sharing.

Preparing for a Stage 1 Heritage Lottery Fund bid for the *Cumbria's 20:20 Museum* will cost an estimated £80,000, which the Trust will meet from its own Reserves. If successful, HLF would provide support for the Stage 2 bid, which is the detailed development of all aspects of the project plans.

3.2 Collaborations and partnerships that promote and enhance Tullie House's reputation

The Trust has a good track record for its partnership programme and aims to develop new collaborations and partnerships, building on those already achieved.

3.2.1 Carlisle City Council

We referred in the Introduction to Carlisle City Council's importance as the Trust's key partner. This will continue to be reflected in our local community engagement activities. Partnerships and joint projects focusing on young people and promoting healthy living will be central to the Trust's community engagement agenda. Tullie House will continue with initiatives such as:

- The Tullie Time Travellers club for 8 to 12 year old children
- The Yak Yak club for young adults aged 13 to 19
- Making Tullie House more dementia-aware. As part of Cumbria County Council's Dementia Awareness Strategy the museum has received funding to train staff and roll-out a package of interventions that will make the museum more accessible to visitors with this condition
- Working with OUTreach Cumbria on a project to collect stories and objects that represent Cumbria's LGBT community in the museum's collections (subject to funding)
- Running a volunteer-led Community Archaeology project
- Carrying out a creative project, in partnership with the Solway Wetlands Team, to work with three adult groups who have disability and / or are socially excluded
- Working with Sure Start and Barnardos to engage with victims of domestic abuse in a project to build self-esteem
- Supporting the City Council with the Pageant Parade. Tullie House worked jointly with various agencies on the 2013 parade to support young people, children and families as well as those who had disabilities

3.2.2 National partnerships

The £1.4m Roman Frontier gallery, which opened in 2011, was the result of a valuable partnership between Tullie House and the British Museum. It was opened by British Museum Director, Neil MacGregor. The British Museum partnership continued with the *Talking Objects* and the museum's own *Collections Conversations* programmes, which inspire creative engagement with young people and general visitors. At the end of 2013 Tullie House will be borrowing a number of pieces of Chinese porcelain from the British Museum to complement the Natasha Daintree exhibition. These *spotlight loans* will be developed further over the next three years with the National Gallery and the Tate, as well as the British Museum.

3.2.3 International partnerships

Tullie House is exploring the possibility of a partnership with the Xuzhou museums group in the Nanjing Province of China. Following a visit by delegates from China to Tullie House in early 2013, the Xuzhou museums appointed a UK representative to explore collaborative initiatives covering exhibitions, training and spotlight loans.

Tullie House will be the first UK museum to host the *Mechanical Circus* exhibition in 2014. This exhibition is from Netherlands' state museum of science and medicine, the Museum of Boerhaave.

3.2.4 Regional partnerships

The launch of Tullie House's successful Roman Frontier Gallery was underpinned by our partnership with Hadrian's Wall Heritage. An independent evaluation of the gallery will be carried out in early 2014. The museum is now working with Hadrian's Wall Trust, HWH's successor body, to develop initiatives to draw visitors to the museum from Hadrian's Wall and other World Heritage Sites in the UK and overseas – e.g. a conference on some of the contemporary frontier issues flagged up in the gallery. The Arts Council are also supporting an innovative dispersed exhibition and engagement programme being developed by Tullie House and Tyne and Wear Archives & Museums which will connect all of the museums and heritage sites along the Wall. A pilot for this with the National Portrait Gallery will run in 2014 and a larger-scale project, with the British Museum, is planned for 2016.

As mentioned above Tullie House is exploring partnership initiatives with higher education institutions, notably the University of Cumbria. To date there have been collaborations between the museum and the University on exhibition installation, the use of digital technology in events, film production and teacher training. The museum and the University's newly established Business Interaction Centre (based alongside Tullie House in Paternoster Row) are looking at possible collaborations relating to tourism.

Tullie House also has a strong partnership with the University of Newcastle's International Centre for Cultural and Heritage Studies (ICCHS), which to date has focused on providing placements for students planning a career in museums but is now exploring the possibility of developing a research methodology for evaluating the effectiveness of exhibitions.

The museum continues to work in partnership on a range of practical and research based projects with two very long established groups, the Cumbria Natural History Society and Cumberland and Westmorland Antiquarian and Archaeological Society.

The Cumbria Biodiversity Data Centre (CBDC) which is part of Tullie House Trust relies heavily on a number of strategic and financial partnerships. Without the support of the County and its District Councils, the Environment Agency, Natural England and a range of other ecology-based organisations CBDC would not be able to function.

3.2.5 Major Partner Museum

Through the vehicle of the Cumbria Museums Consortium (CMC), the Trust will continue to work with the Arts Council in the county to meet their five national goals - that:

- Talent and artistic excellence are thriving and celebrated
- More people experience and are inspired by the arts
- The arts are sustainable, resilient and innovative
- The arts leadership and workforce are diverse and highly skilled
- Every child and young person has the opportunity to experience the richness of the arts.

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CMC, which as mentioned earlier comprises the Lakeland Arts Trust, the Wordsworth Trust and the Tullie House Museum and Art Gallery Trust, is an example of a Cumbrian partnership initiative that has developed over the past two years. In 2012 CMC, led by the Trust, became one of only sixteen Major Partner Museums to receive Arts Council's Renaissance funding for a programme of activities focusing on two of the Arts Council's goals: *Children and Young People* and *Audiences*. As part of the CMC programme a Cumbrian Learning Networks programme has been established to support museums across the whole of Cumbria. The CMC Project Manager, based at Tullie House, works closely with the networks – ensuring that Tullie House is working with museums across Cumbria.

The Trust's CMC programme includes:

- Apprenticeships
- Adult engagement
- Community Engagement and Outreach
- Family Learning
- Treasures of Cumbria
- Young Persons activities

Our current CMC three-year funding runs out in March 2015. Accordingly in early 2014, with our CMC partners Lakeland Arts Trust and Wordsworth Trust, we shall be submitting a further application to the Arts Council for an extension to their Major Partner Museum funding. We can expect a lot of competition for this funding.

CMC is also collaborating with Manchester Museums Partnership to manage the Arts Council's Museums Development Programme for the benefit of museums across the north-west region, providing training, grants and advice.

4 AUDIENCES: Using the collections to extend our reach by developing new and existing audiences

Tullie House's key target audiences are:

- Families with children, who require activities, value for money, a safe environment, assistance with planning their visit, affordable food and easy access.
- Local people, who are usually also Tullie Card holders. This group requires a changing and varied programme of exhibitions and events and free exhibitions.
- The over 50s, who want informative events and activities in the galleries, good facilities in the restaurant and galleries as well as easy access and friendly reception.
- Schools and education establishments, which require excellent educational resources in terms of staff and teaching/learning materials, good communications and appropriate facilities.
- Tourists, who demand excellent facilities, stimulating exhibitions and a welcoming reception,.
- 'Virtual visitors', who need easy access to data through easily navigable websites. This group requires information for planning a visit, undertaking personal research or carrying out formal research.

Tullie House's offer and reach to visitors is achieved through the permanent exhibitions at Tullie House, complemented by a changing and exciting programme of special exhibitions with a range of activities and events to enhance it. To extend our reach and develop existing and new audiences we:

- Use the temporary exhibition programme as a tool to engage and develop audiences
- Maintain and further develop our high quality of learning provision
- Extend the reach of the museum by using our collections to enhance audience engagement within and beyond Cumbria
- Increase access to collections through digital technology and development of the website
- Strengthen our community engagement.

As part of the CMC programme, we are working with our partners to develop a better understanding of our audiences and identify new audiences by employing an Audience Research Coordinator.

4.1 The temporary exhibition programme

We aim to provide a balanced programme of exhibitions that will appeal to a broad range of audiences. While the programme necessarily reflects the Tullie House collections (art, archaeology, social history and natural sciences) and their connecting themes, as well as the Trust's aims and objectives, it is designed to appeal to culturally-diverse audiences and maximise accessibility. It is often difficult to balance audiences with content, particularly when exhibition funding is difficult to source, but The Trust attaches importance to maintaining high standards of exhibition.

In 2013/14 Tullie House changed its exhibitions programme to create a more even balance between collections-based shows and contemporary art (previously the focus had been 80% on the latter).

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The new programme includes six major exhibitions¹, some of which have yet to be staged, that were initiated, researched and designed by Tullie House staff. These were supplemented by three other exhibitions that were created by others.²

In 2014/15 the museum will be hosting *Richard Slee*, a retrospective of the internationally acclaimed, Carlisle-born ceramicist of the same name. This major exhibition, initiated by Tullie House and supported by the Arts Council, is being planned to tour - a first for Tullie House. We will also be showing *Worn to be Wild*, a contemporary costume exhibition based on wildlife; *War Games* from the V&A; and *Anslem Kiefer*, a partnership with the Tate under the banner of their *Artists' Rooms* programme. 2014 will also see the launch of the exciting new *Ideas Incubator* – a flexible audience-led approach to programming and interpretation in the museum's Exhibition Gallery, which will pilot ideas for engagement to support the *Cumbria's 20:20 Museum* interpretation strategy.

In 2015/16 the museum is hoping to show a children's exhibition, the *Viking Guide to Deadly Dragons*, from Seven Stories in Newcastle, the *Dance of Death* from the Wellcome Institute and the dispersed Hadrian's Wall exhibition mentioned earlier.

The Trust is developing an ambitious exhibitions programme to engage and develop different audiences. This can be expensive, and in order to protect the quality of the special exhibitions programme we decided to start charging for admission to some (but not all) of our special exhibitions. The current 2013/14 exhibition programme is expected to incur net expenditure of £45k, which we use to support a broad range of exhibitions in both the Art Gallery and the Exhibition Gallery. For example, *Mechanical Circus* is a major automata exhibition which will be used to target schools and families interested in science, technology and engineering. *Martin Greenland* on the other hand will show works by an established landscape artist who has recently been inspired by the Cumbrian environment – his exhibition will be targeted at local people and the over 50s.

Wherever possible, external funding is sought for specific exhibitions. For example, *the Wildlife of the Solway Wetlands* is part of the Solway Wetlands Landscape Project which is funded by the Heritage Lottery Fund; equally *Into the Light* was sponsored by local Cumbrian businesses. The major 2013 *George Howard* exhibition was largely funded by the Heritage Lottery Fund and the Friends of Tullie House.

The Arts Council's Grants for the Arts (G4A) Programme has supported our exhibition programme in recent years by approximately £50k p.a. However, G4A funding is only available for contemporary art, so the more the Trust programmes exhibitions to reach Tullie House's target audiences, the less funding we will receive from the Arts Council's GTA fund.

The proposed exhibition programme for the three years to 2016/17 is attached in Appendix B

¹ *Into the Light*, *Wildlife of the Solway Wetlands*, *Natasha Daintree: Ocean*, *Martin Greenland*, *Outside In* and *George Howard*,

² *Hartnell to Amies* (a touring costume exhibition from the Fashion and Textile Museum. London), *Transmitter / Receiver* (contemporary collage from the Arts Council) and a major popular exhibition of automata, *Mechanical Circus*, from the Cabaret Mechanical Theatre and Museum Boerhaave.

4.2 The learning programme

Both formal and informal learning are central to the programme at Tullie House. The former Renaissance Hub funding from the now-defunct Museums, Libraries and Archives Council enabled Tullie House to employ four staff to deliver a high quality programme of formal and informal learning. This funding ended in March 2012, causing a cut to just one staff member and significant modifications to the learning programme. However the Arts Council's Major Grant Funding is now providing us with new resources that are supporting the delivery until March 2015 of a number of key learning projects focusing on children and young people. These projects include:

- A *Making All Family Friendly* initiative which will create a more family orientated offer and will link with national and regional initiatives such as *Kids in Museums*.
- A *Young People* initiative which will develop programmes to engage with young people at Tullie House and our CMC partner the Wordsworth Trust. This initiative involves consulting with bridging organisations and working with schools and colleges in Cumbria on the delivery of Artsmark and Arts Award.
- A secondary and post-16 schools programme. This will provide the opportunities for Tullie House to develop and encourage closer working with secondary schools, further education colleges and universities.
- An apprenticeship programme for 16-25 year olds across the three CMC partner organisations. This will provide Tullie House with three apprentices each year together with the support of an Apprenticeship Manager.

Helped by the Arts Council's Major Grant Funding, the Trust is piloting a new Adult Learning programme in 2013, with talks, workshops and crafts. In addition to improving the offer for adults, this will provide opportunities for new income generation. We plan to extend this pilot into a core offer over the next three years.

4.3 Digital technology

To support the *Cumbria's 20:20 Museum* project and the efficient running of Tullie House, 2013/14 has seen an upgrade of the Tullie House website and further development of social networking tools.

Over the coming plan period from 2014 we intend to research and, if appropriate, to pilot several options in the *Ideas Incubator* for *Cumbria's 20:20 Museum*:

- On-gallery interpretation using iPads.
- The application of digital interpretation to the learning programme, e.g. working with a digital artist on a wetlands reclamation game involving teams of young people competing to create the best habitats for wetland species, or the introduction of augmented reality into school workshops possibly including an element of foreign language translation.
- For museum visitors, webcams, comments screens and access to information in storage.
- A data warehouse, which will be compatible with the museum's collections database (MODES) and used to store all our marketing and learning images and resources.

Our Arts Council Major Grants Funding gives us the opportunity to work closely with partners across Cumbria to deliver the innovative *Treasures of Cumbria* project. This includes creating a new website where people can discover the county's cultural heritage by bringing together public and private collections and their stories from across the county. The project is involving museums, the media and press across Cumbria in working in innovative ways.

4.4 The community engagement and volunteer programme

Our community engagement activities are another important way of improving access to the collections, particularly among disadvantaged groups in local society. This programme depends critically on the contributions of volunteers. The Trust is therefore very keen to continue to develop opportunities for volunteers. We have recently appointed a part-time volunteer coordinator to support the team of 25 volunteers who are based at Tullie House.

4.5 Loans

Because of the quality and importance of the Tullie House collections, The Trust regularly receives requests for the temporary loan of objects. These requests come from both UK and international cultural organisations, typically for one-off or touring exhibitions – recently for example from the Royal Academy, Manchester Art Gallery, the V&A, Le Musee D'Orsay Paris, the Ghent Museum of Fine Arts and the Tokyo Mitsubishi Ichigokan Museum.

Loans are rarely if ever a means of generating income, but they help establish Tullie House's reputation as a serious cultural destination with which major national and regional organisations wish to do business.

In order to strengthen the attractions of our special exhibitions and one-off events, the Trust also borrows objects from national UK museums such as the British Museum and the National Gallery, and would like to do so more from overseas. The short-term loan of the Nijmegen Helmet from Dutch Museum Het Valkhof, to coincide with the opening of the Roman Frontier Gallery in 2011, was highly successful, and we are now exploring the possibility of similar loans from Germany.

5 RESOURCES: Organisation development, income generation and premises

This section summarises our plans for developing the organisation and new sources of income. Our plans for managing costs are outlined in the next section (budget commentary), as are the income and expenditure budget implications. The section concludes with a summary of the key issues relating to our premises and other physical resources.

5.1 Developing the organisation

The Trust's organisation was restructured in April 2012, involving significant changes in staff roles and responsibilities. It also involved taking a fresh approach to the management of the organisation by devolving key functions to senior staff and giving them defined responsibilities for day-to-day management. For example, each of the four curators became responsible for a cross-cutting process (e.g. documentation of the collections) alongside their existing subject area responsibilities (e.g. archaeology or natural history). The restructure was also intended to encourage new ways of working across the organisation, with the aim of creating an organisational culture that is responsive, entrepreneurial and generally fit for purpose. Two members of staff are working towards the Association of Accounting Technicians qualification and four towards the Associate of the Museums Association award, while a member of the CBDC team is working towards a degree at Manchester University on data recording.

Staff briefings are now held monthly and have become an important means of team building and communication. Personal Development Plans have been initiated for all staff. These will be taken forward and further embedded into the organisation, becoming central not just to staff development but also to business planning and organisational development.

The new CMC posts, appointed from mid-2012 to early 2013, work closely with the permanent staff and are indispensable to core Tullie House activities such as the learning programme. We have recruited three 16-24 year old museum apprentices through the CMC apprenticeship programme, who are working towards NVQ Level 2. Tullie House also has a dedicated and respected team of volunteers who, as mentioned in Section 4, we intend to support and develop.

The 2012 restructuring, which was conceived as part of the City Council's 2011 transformation programme, was effectively an immediate response to the transfer of Tullie House to charitable trust status. With the current difficult market environment and core funding cuts from 2015/16, quite apart from the potential challenges of delivering Cumbria's 20:20 Museum, it is clear that further continuing organisational changes will be required, involving leadership development, restructuring, realignment of roles and responsibilities, staff development and culture change. We shall have to review whether our reward policies, which have been inherited from local authority days, are optimal for the kind of organisation we want to be. The Trust needs to become an organisation that has a strong focus on business development, income generation, cost management and the use of technology to support our business and organisational goals. The continuing search for ways and means of increasing visitor numbers and generating additional income through fund raising, commercial activities, conferences and events must become part of the

ethos of the organisation. We are encouraging staff at all levels identify and put forward constructive ideas for new ways of working that promote this ethos.

The current need to live with reduced resources, together with the challenges of delivering an outstanding Cumbria's 20:20 Museum project provide an opportunity for the Trust to be bold, imaginative and ambitious in creating a forward-looking and visitor-focused organisation.

5.2 Income generation opportunities

The income generation opportunities we have identified fall under seven headings:

1. Profile raising and marketing
2. Increasing visitor spend per head
3. Fundraising
4. Strategic commissioning
5. Other museum-related charges
6. Trading company income
7. Renewing the CMC's funding.

5.2.1 Profile raising and marketing

We aim to reverse the recent decline in visitor numbers to Tullie House, which has been in line with that of other major cultural attractions in Cumbria and the north-west. We intend, over two years, to claw our way back from the 221k visitors of 2012/13 to the 250k of two years earlier. Getting more people through the door generates income both directly and indirectly.

We have identified a series of initiatives to raise Tullie House's profile, some of which are within our own control while others – such as the key priority of improving signage to and within the Historic Quarter - will involve collaboration with other parties. Joint profile-raising, marketing and ticketing initiatives are being explored with our Cumbria Museums Consortium and Hadrian's Wall partners, the Council's Historic Quarter working group, Cumbria Tourism, major transport providers etc.

The website and social media are critical to profile- and awareness-raising. We shall be significantly raising our game here. Online ticketing is being introduced.

5.2.2 Increasing visitor spend per head

As mentioned previously, in March 2013 the Trust introduced a new admissions charging structure, which we plan to review shortly. We have no plans to increase entry charges again during the plan period, although we do intend to maximise the number of visitors who tie their entry payments to gift aid, which was introduced in mid-2012. The key, therefore, to increasing admissions income is through increasing the number of visitors, which depends, above all, on the excellence and attractiveness of how we display the permanent collections and the special exhibitions programme. The permanent collections will be addressed as part of the '20:20' redevelopment, the benefits of which lie beyond the timescale of this three-year plan. A major responsibility therefore rests on the exhibitions programme to generate new footfall and income over the next few years. As discussed in the previous section, our special exhibitions programme is under continuous review and improvement to appeal to as wide a range of audiences as possible.

We also plan to make more use of 'opportunistic' donations by making it as easy as possible for visitors to make a small donation at more 'moments' during their museum visit.

5.2.3 Fundraising

The Trust has developed a local fundraising strategy and launched a fundraising programme focusing initially on personal giving. The historic level of local cash or monetary gifts, legacies and endowments to Tullie House has not been high, and we see potential for increasing it. However we are conscious that many donors tie or restrict their donations to specific projects or initiatives, such as purchase of a new item for the collection or a construction of new gallery. It can be difficult to persuade individuals to part with money for core funding purposes such as payroll or overhead costs.

Apart from personal giving, we see local fundraising opportunities in:

- Corporate sponsorship, and
- Membership schemes.

5.2.3.1 Personal giving

Personal giving programmes focus on attracting gifts, legacies and endowments from individuals. This requires a long term-approach, often through intermediaries such as solicitors and accountants. It is unrealistic and can be counter-productive to expect potential donors to respond immediately to fundraising appeals, unless a specific opportunity presents itself (such as acquiring the Crosby Garrett Roman Helmet, although that, while very successful nationally, attracted a disappointingly small amount of local giving).

5.2.3.2 Corporate sponsorship

We see local corporate sponsorship as a potentially attractive area of income generation opportunity. Corporate donors can be attracted to sponsor specific events such as special exhibitions, specific developments such as the refurbishment of a gallery, or specific activities such as sponsoring an outreach initiative targeted on a specific high-priority group.

A corporate sponsorship programme will need to focus on business leaders, such as those we are involved with in the *Carlisle Story* initiative, with Tullie House as 'their' museum. As with personal giving, time and effort will need to be invested in researching potential corporate sponsors and developing personal relationships with them in order to understand their particular perspectives and requirements.

5.2.3.3 Membership schemes

We see membership schemes as an important way of building loyalty among individuals, families, groups and/or organisations. A typical membership scheme offers members certain benefits in return for an annual or lifetime membership subscription or (in the case of individuals or groups) for service as a volunteer. The benefits may include free or discounted entry charges and invitations to special events such as annual dinners or exhibition openings, which can be good social networking occasions. There may be tiers of membership each with its own subscription rate and benefits package.

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A serious fundraising programme as discussed below will require investment in professional fundraising expertise, for which we are setting aside £40k p.a.

5.2.4 Strategic commissioning

This term refers to collaboration between individuals and organisations to provide user communities with services, typically but not necessarily public services, in the most efficient and effective way. An organisation such as Tullie House could be involved, under contract to external agencies, in delivering specific services within the 'commissioning cycle' where it has a comparative advantage. Tullie House is already engaged in forms of strategic commissioning, including our programmes for older people and activities with hard-to-reach groups. We think there are other opportunities to provide this kind of service – e.g. programmes targeted on children and young people, public health and healthier communities, older people and/or community safety.

5.2.5 Other museum-related charges

The Trust's core business is running a museum and art gallery, but we offer a lot of additional activities and services for visitors, only some of which we charge for. For example we charge for conferences, seminars, evening lectures, education visits by schools etc. but do not charge for family activities, lunchtime lectures and some talks.

We plan to review our charges for these activities and services, including our present charges for 'user group' schools (in order to ensure that a fair balance is struck between ensuring accessibility to schools and covering our costs). There may be some services that we should continue to provide without charge, for which we should encourage users to make a reasonable donation that reflects our costs.

5.2.6 Trading income

Commercial trading income currently represents about 14% of the Trust's total income of £1.4m. Growing commercial trading income is a potentially important way of increasing the Trust's generated funds. Our trading company board have been tasked with developing a new commercial trading strategy for submission to the Trustees. This is likely to include opportunities for broadening catering income through expanded corporate and other hospitality events, increasing retail sales taking account of opportunities for developing the retail space, and working across Cumbria with other retail outlets within the Cumbria Museums Consortium. Pending the approval of this strategy, commercial trading income for this plan has been budgeted on the basis of present policies, strategies and trends.

5.2.6.1 Catering

The catering at Tullie House is contracted out to a third party company (Elior) whose contract has recently been renewed for three years. The contractor's new targets include:

- Increased projected income over three years
- Capital investment in coffee and kitchen equipment
- Additional investment in marketing to increase events business, e.g. the annual Trust Dinner and special events
- An improved counter layout with enhanced visual merchandising

- Re-launch of the Sunday offer.

5.2.7 Renewing the CMC's funding

The critical importance of the Arts Council's Major Grants Funding to CMC for our access, education and outreach activities has been set out in Section 3. The current funding ends in March 2015. We plan, with our CMC partners, to apply for a further three years of funding under this programme; this application has to be submitted in early 2014. At this stage, for reasons of prudence, the three-year budget in Section 6 assumes that this funding will not be renewed.

5.3 Key premises issues

We now summarise the key premises issues raised by the business plan. The Trust currently uses four premises: the main Tullie House museum and art gallery premises; the Millennium Gallery; the first floor of Shaddon Mill; and the first and second floors of the Guildhall. We are also very keen to use Herbert Atkinson House, discussed below.

5.3.1 Herbert Atkinson House

The Trust has been in discussions with Carlisle City Council to occupy Herbert Atkinson House, which is adjacent to the main museum premises and is critical to our plans for developing Tullie House. In the short-term the Trust has identified two key projects involving Herbert Atkinson House that will help to further our *Cumbria 20:20* agenda:

- a natural history resource centre and
- a centre for the Cumbrian Museums Consortium

The natural history resource centre will integrate the natural history resources of Tullie House with those of the Cumbria Natural History Society and the Cumbria Biodiversity Centre (CBDC), making them more accessible to a wider audience. The gardens of Herbert Atkinson House could become an excellent 'outdoor classroom' for educational workshops. The CMC team would also be based in Herbert Atkinson House if our bid to extend the Arts Council's Major Project Museum is successful.

Looking further ahead, subject to planning consents, a new purpose-built accessible collections resource centre connected to the existing museum would be built on some of the land around Herbert Atkinson House. This would also include new public galleries.

Herbert Atkinson House is currently unoccupied. It would play a central role in our future plans. We have made financial provision (see Section 6 below) for the costs of getting the building ready for occupancy, and for its annual running costs, which we estimate at £30k p.a.

5.3.2 The main Tullie House premises – the Art Gallery

The main issue here is that the Panelock 400 display system, a series of moveable and flexible panels used in the Art Gallery for temporary displays, is now beyond its usable life and must be replaced; this was flagged in last year's business plan. There have recently been a number of 'near miss' incidents (several of these 'at height') which mean that we have no option but to invest in a replacement system as soon as possible. We have advised the City Council to this effect. The phasing

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of our special exhibitions programme provides a one-off opportunity to replace the system in January 2015. The capital cost would be just over £55k.

5.3.3 Shaddon Mill

The lease for Shaddon Mill, the main store for the museum's reserve archaeology and social history collections, ends in October 2016. As already discussed, our long-term aim is to create an on-site integrated accessible resource on the grounds of Herbert Atkinson House. In the meantime, we are searching for interim storage accommodation from 2016.

5.3.4 The Guildhall

The Guildhall has some serious structural problems so the City Council has advised that visitor numbers are restricted to 15 people at a time. There is a need to commission a Conservation Management Plan with a full assessment of this important Carlisle building, at an estimated cost of £7k.

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6 BUDGET COMMENTARY

6.1 Introduction and key budget assumptions

As in the last two years, the Trust's three-year budget has been prepared in constant 2013/14 prices, i.e. price levels applying in the present year, referred to here as the 'baseline year'.

The key budget assumptions we have made are as follows:

- a. The Carlisle City Council grant will reduce by £250k from year 2 of the plan (2015/16).
- b. Visitor numbers will recover during the plan period from around 220,000 to around 250,000p.a.
- c. Other income generation initiatives will yield the returns projected by the Trust's income generation working group, as summarised in the table below.
- d. Although the Cumbria Museums Consortium (CMC), of which the Trust is the lead partner, intends to apply for a renewal of its current Arts Council grant, which expires in March 2015, on grounds of prudence we have assumed that the grant will not be renewed.
- e. Similarly while the costs of making an application for HLF Stage 1 funding have been allowed for in 2014/15 (with a smaller allowance for making a second application in 2015/16), no upsides from a successful HLF application have been assumed in the later years of the plan.
- f. Herbert Atkinson House will have been leased by the Council to the Trust by the end of the baseline year, so the running costs of Herbert Atkinson House are included in all years of the plan.

Appendix C analyses income and expenditure across Tullie House, CBDC and the Arts Council-funded project and shows summary income and expenditure information including the funding requested from Carlisle City Council. As in previous years, it is the key income and expenditure lines that are presented at this stage; a detailed budget will be presented to the Trust Board for approval in March 2014. This approach enables Carlisle City Council to approve the overall business plan and its funding element, while the Trust sets its own budget to achieve the plan.

The Trust has identified a package of income generation initiatives and cost reduction options that will enable all of the £250k Council grant reduction to be absorbed. Although some cost reduction will be necessary, our strong preference is to do as much as possible through income generation. However time is required to build up income, particularly from new sources, and at this stage we consider it unlikely that it will be possible to absorb all of the grant reduction in the first year (2015/16) without cutting deeper into our cost base than will be required once income generation has built up. Therefore we are budgeting a deficit of £50k in 2015/16, and a deficit of £20k in 2016/17 which will be funded from the Trust's free reserves. We envisage a break-even in the following year, 2017/18.

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6.2 Income

Excluding the Council's funding, we are budgeting for an increase in sponsorship and grants as a result of engaging a professional fundraiser whose activities have been assumed to generate additional income as follows:

Summary of proposed income increases from activities of new Fundraiser:

2014/15	£73k
2015/16	£111k
2016/17	£144k

6.3 Expenditure

The following cost increases are projected over and above what was put in the Trust's baseline year budget as approved in March 2013:

Summary of projected annual cost increases	2014/15	2015/16	2016/17
	£k	£k	£k
Herbert Atkinson House ¹	10	10	10
Redundancy cost for CMC staff	10	0	0
Development plan bid cost ²	80	25	0
Panelock system	0	2	5
ICT developments	5	5	5
Fundraiser	40	40	40
Utilities ³	3	4	5
Total	68	61	65
Notes:			
1. Excludes £20k already included for Herbert Atkinson House running costs			
2. Development plan HLF bid costs to be funded through the Trust's Reserves and are therefore not included in the totals as they are shown separately in the budget.			
3. Allowance for utility cost increases in excess of inflation adjustment to core grant			

6.3.1 Payroll

We plan to engage the new fundraiser before 1st April 2014, for which an allowance of £40k p.a. has been made.

General pay increases have been excluded as they will be funded by the Council under a contractually-agreed formula as and when they occur.

A resignation in the management team will allow a restructure to take place and a saving of £25k p.a. from 2014/15 has been built into the budgets.

6.3.2 Utilities

Utilities costs are assumed to increase in 2014/15, 2015/16 and 2016/17 with the additional costs associated with Herbert Atkinson House. Moreover, general utility prices have been assumed to rise faster than CPI.

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6.3.3 Consumables

A general reduction in total consumable budgets of £10k p.a. has been factored in.

6.3.4 Central services

The Trust plans to tender the central services currently provided by the City Council, with an envisaged start date of 1st April 2015. These comprise IT, HR, payroll, building maintenance and health & safety. We have assumed a gross saving of £20k p.a. from 2015/16.

Under the terms of our agreement with the Council the savings are split equally between the Trust and the Council, which reduces the net saving to the Trust by 50 per cent. Therefore the budget assumes a cost saving of £10k p.a. from 2015/16. We would like to explore with the Council whether the Council's share of this saving could be applied to reducing the cut in its grant by £10k, to £240k.

6.3.5 Special exhibitions

The Trust has always subsidised certain exhibitions from its own resources. In the current year (2013/14) this subsidy will amount to £45k. Due to the long lead-times required to mount special exhibitions, the Trust plans to keep a similar level of subsidy in place for 2014/15. However the budget assumes that from 2015/16 the annual subsidy will be reduced to £20k, with a consequential cost saving of £25k p.a. - this lower subsidy is considered the minimum necessary to enable us to continue to attract match funding from grant-making bodies after allowing for a realistic increase in exhibitions entrance income. (This would not prevent the Trustees, in exceptional circumstances, from using the Reserves to help fund a particularly important exhibition if deemed appropriate at the time.)

6.3.6 Marketing and maintenance

We also propose to reduce both the marketing and the equipment, purchase and maintenance budgets from 2015/16. The marketing budget will be reduced by £15k to provide a revised budget of £48k. This will require a review of promotional advertising and literature. In addition we will reduce the equipment, purchase and maintenance budget by £10k in 2015/16, which will require a review of the frequency of the maintenance provision within Tullie House.

6.3.7 Future savings

The working group has identified a number of options for using technology to generate future cost savings. Work on this is at an early stage but the indications are that a net annual saving of £50k from April 2015 should be included in the budget. This has been done. Further work remains to be done on this, with consultations with key partners and others needing to be undertaken at the appropriate time. At this stage a range of options are being worked on and over the next 12 months a detailed plan will be drawn up.

6.4 Budget: conclusion

The proposed three-year funding plan follows Carlisle City Council's guidelines by keeping the funding requirement at its previously agreed level for 2014/15 and then implementing the required reduction of £250k in core funding from 2015/16, with a prudent use of the Trust's Reserves in

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2015/16 to allow time for the build up of new income generation (combined with a package of cost saving measures) to return the Trust to break-even in 2017/18.

As happened in March 2013 for the Trust's 2013/14 budget, in March 2014 the Trust Board will approve a detailed budget for 2014/15 consistent with the plans set out in this document.

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LIST OF APPENDICES

Appendix A – Extract from the Partnership Funding Agreement & Carlisle City Council Performance Monitoring

Appendix B- Exhibitions and Events Programme

Appendix C - Tullie House Museum and Art Gallery Trust - Proposed budget 2014/15 to 2016/17

Appendix D– Unrestricted Reserves, capital expenditure and cash

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Appendix A -Extract from the Partnership Funding Agreement & Carlisle City Council Performance Monitoring

(Reproduced from the Partnership & Funding Agreement between Carlisle City Council and Tullie House Museum and Art Gallery Trust, 5th May 2011)

- 5.4. In order to provide MT with a secure and stable basis for medium-term planning, the parties agree that starting in 2012/13 the Core Funding will be approved by Carlisle through a systematic and collaborative process on a three-year rolling basis against a Business Plan submitted by MT to Carlisle not later than 31 October each financial year which the parties shall use their best endeavours to agree by no later than 31 December each financial year.
- 5.5. Core Funding for 2012/13, 2013/14 and 2014/15 will be agreed through a Business Plan submitted by MT to Carlisle not later than 31 October 2011 and Core Funding for 2015/16 will be agreed through a Business Plan which covers the period 2013/14 to 2015/16 submitted by MT to Carlisle not later than 31 October 2012.
- 5.6. Each year thereafter Core Funding for the third subsequent financial year will be agreed through a Business Plan following the above process (Core Funding for the first and second subsequent financial years already having been agreed through the previous Business Plan following the above process).
- 5.12. Without prejudice to the generality of the provisions of clauses 5, 7 and 10 Core Funding will be subject to annual uplift on 1st April each year for:
 - 5.12.1. salary inflation based on the percentage increase in the NJC Local Government pay award; and
 - 5.12.2. all supplies and services and including all MT income (but excluding grant) and NNDR based on the previous year's Consumer Price Index (C.P.I) at September each year.

6. CONTENT OF BUSINESS PLANS

- 6.5. The Business Plan shall (amongst other things) specify in respect of the relevant period:
 - 6.5.1. MT's overall vision, purpose, key objectives and strategy for achieving them;
 - 6.5.2. key development and investment plans and their financial implications;
 - 6.5.3. MT's management and operating plans for the Museum and the Collection and maintenance plans for the Collection, reflecting the priorities agreed by the parties from time to time;
 - 6.5.4. developments proposed to MT's organisation, staffing arrangements and operating policies;
 - 6.5.5. projected income (both expected from Carlisle and other sources), revenue expenditure and capital expenditure for the next three financial years, including MT's assessment of any risk of fluctuation of the cost of performing its obligations under this Agreement and its proposals for managing such risks;

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- 6.5.6. the Core Funding which MT assesses it requires to be provided by Carlisle for each of the next three financial years with an explanation of the expenditure of MT for which the Core Funding is required;
- 6.5.7. the key performance indicators and other relevant targets against which MT will report in accordance with clause 9; and
- 6.5.8. such other information as Carlisle may reasonably require from time to time (which will be specified with reasonable advance notice).

Carlisle City Council Performance Monitoring

Customer

- 1) All in-person visits to TH (target 242k)
- 2) Visitors to all galleries
- 3) Proportion of 3) who are from 'Out of City' (non TH card holders)
- 4) No. visits to website
- 5) No. children visits (outreach and school pupils)
- 6) No of people taking part in learning activities broken down by subcategories of:
 - Visitors to Galleries
 - Curatorial Enquiries
 - Loans Boxes
 - Guildhall visitors
 - Website Users
 - Community and Schools outreach
 - Under 5's Education sessions
 - Internal Workshops and Events
 - Pupil Count
- 7) Monitoring of usage by protected characteristics, geography (*BP P3 table*) and economic segmentation (*BP P3 final para*)
- 8) Customer satisfaction

Above two are annual measures with data compiled via a customer survey conducted with the assistance of CCC plus use of ACE survey



Finance and Economic Benefits

- 1) Additional funding gained in excess of Council funding
- 2) Volunteer hours worked
- 3) Local economic value of volunteer work

City Council Finance Team to provide quarterly statement in advance of performance meeting

Organisational development

- 1) No. FTE employees
- 2) No. employees – headcount
- 3) Health and safety incidents reportable to the HSE.

Risk register to be reported by major exception.

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Appendix B-Exhibition and Events Programme

Temporary Exhibitions		
<p>15 February – 1 June 2014</p>	<p>The Mechanical Circus</p>	<p>At the entrance to Tullie House there is a large moving sculpture called ‘The Flying Reiver’ by artist, Keith Newstead. This automaton is hugely popular with family visitors and has inspired Tullie House to host the major popular exhibition, ‘The Mechanical Circus’. Displayed in a fairground atmosphere the exhibition presents a wonderful combination of the marvellous, hilarious and at times hair-raising mechanical pieces of the Cabaret Mechanical Theatre and the scientific tricks, toys and spectacular experiments of the Museum Boerhaave – the Netherland’s state museum of science and medicine. This will be a national premier for this innovative exhibition, as it has never been shown in the UK before. Celebrating a vibrant legacy, the 40 automata of Cabaret Mechanical Theatre combine the humour, drama and wonder of the circus with a satirical take on the Victorian fondness for mechanics and technology. Simply push the buttons to make the automatons come alive. CMT’s automata are displayed alongside physics games and curiosities from Museum Boerhaave’s historical collections.</p>



Temporary Exhibitions		
15 March – 15 June 2014	Martin Greenland	<p>Tullie House is pleased to host this solo exhibition of work by Martin Greenland, the 2006 first prize winner of John Moores 24. Born and brought up in Yorkshire and now living and working in the Lake District, Martin Greenland is an explorer of the landscape – both real and invented. In his paintings he explores the illusion of landscapes made by the tactile breadth of oil paint. Martin does not utilize photographs in his work nor does he paint while observing nature directly. His are not sentimental landscapes, Martin’s paintings are about inventing a landscape that has never been seen, creating a delicate balance between appreciating the physical beauty, the technical craft of paint and the concept; subjugating the paint to make it do the job of creating the illusion to carry the meaning behind the imagery. Martin boldly states, "It may seem futile to make the works seem as though they have been observed or taken from photographs, but inventing gives the work reason for existence – what is shown exists only within these painted illusions..."</p>



Temporary Exhibitions		
14 June – 14 Sept 2014	Richard Slee: Mutability (Working Title)	<p>As one of Britain's most important contemporary ceramic artists, Richard Slee (born in Carlisle) attempts to challenge every conventional notion in ceramic art, transcending its utilitarian roots, whilst also sidestepping the self-indulgent aspects of the studio tradition that became ubiquitous in the late twentieth century. His works lie in contemporary debate and reference the current positioning of material specialisations within visual creativity. For Slee, the objects he produces are intrinsically about the domestic interior and a love for the 'great indoors'. There are fabricated references in the work to the decorative, the ornamental and the symbolic both from past histories and within contemporary culture. These sources, often eclectic, are brought together to explore new meanings and dramas. For now they are resolved since the medium of ceramics permanently fixes them, but, as always, the drama of meaning is contingent and fluid. The most recent themes of futility and ridicule persist. This exhibition, which includes a recorded interview with Slee, will survey his output over the last ten years. Increasingly he has incorporated other non-ceramic materials and the found object in works made as well as exploring other specialist media as enamel on metal and hot glass. This survey will include examples of these interests as well as new works made for this exhibition.</p>



Temporary Exhibitions		
<p>18 June – 5 Oct 2014</p>	<p>Worn to Be Wild</p>	<p>A touring exhibition of 17 theatrical costumes, with headdresses and accessories, designed and created by Kate Plumtree, costume maker and textile artist. The collection is inspired by British wild birds and mammals, combined with the evolution of period dress from medieval to the present, each costume representing an individual species and a specific era of fashion. In addition to observing the creatures’ physical elements such as structure, pattern and texture, the design process included research into their habitation and behaviour. This helped to determine which period style would best suit each species, as well as providing locations and concepts for the photographs.</p> <p>Key Features:</p> <ul style="list-style-type: none"> • Family friendly and interactive, accessible to all visitors of both genders and all ages including those with visual impairment. Highly appropriate for young people and students • Educational on a variety of levels: history of fashion and style, wildlife and natural history, costume design and construction of period to modern dress • Strong interplay of structure, colour, pattern and texture, ensuring an exciting sensory experience and stunning visual displays



Temporary Exhibitions		
<p>4 October 2014 - 11 January 2015</p>	<p>War Games</p>	<p>This exhibition will explore the many fascinating, and often surprising, relationships that exists between, on the one hand, war and conflict and, on the other, children’s toys and play.</p> <p>War and conflict has been a part of toys and games for centuries. Using objects from the prestigious V&A Museum of Childhood collection, together with loans from other major national and international institutions, this exhibition will illustrate the diverse ways that play and toys recreate and represent warfare. The dramatic, but lesser-known, impact and influences that war has had on children’s play will be revealed, as will the vital role that Britain’s toy manufacturers played in the war effort. The exhibition will also delve into the ‘secret history’ of toys used as tools of war and espionage.</p> <p>This thought-provoking exhibition will feature toy soldiers and action figures; toy weapons and ‘anti-war’ toys; board and computer games; archive documents; and a broad range of powerful visual material, including photographs, packaging and advertising material.</p>
<p>7 Feb - 5 June 2015</p>	<p>Artists Rooms: Anselm Kiefer</p>	<p>ARTIST ROOMS was donated jointly to National Galleries of Scotland (NGS) and Tate by Anthony d’Offay in 2008 and acquired with support from the National Heritage Memorial Fund, the Art Fund and Scottish and British Governments. In founding the collection, Anthony d’Offay’s vision for ARTIST ROOMS was that great modern and contemporary art would be available to audiences nationwide, especially young people who are central to the ongoing programme. Tullie House will be showing the work of Anselm Kiefer. A key figure in European post-war culture, Anselm Kiefer’s art derives from his great awareness of history, theology, mythology, literature and philosophy, and his exploration of a range of materials such as lead, concrete, straw, clay, flowers and seeds.</p>

Temporary Exhibitions		
Summer 2015	Viking Guide to Deadly Dragons (TBC)	Tullie House is in discussion with Seven Stories to acquire the popular exhibition based on Cressida Cowell's popular <i>How To Train Your Dragon</i> series. The exhibition, aimed at children, will transport visitors back in time to a fictional Dark Ages period, to a world where Vikings ruled and dragons roamed. The exhibition will allow visitors to explore the wild dragon cliffs, sail on a Viking boat, and share epic yarns in a Great Hall. Visitors will also see how Cressida's series has been made into the popular <i>How To Train Your Dragon</i> DreamWorks film animation.
Autumn 2015	Death: A Self Portrait (TBC)	Assembled by Richard Harris, a former antique print dealer based in Chicago, the collection is spectacularly diverse, including art works, historical artefacts, scientific specimens and ephemera from across the world. Rare prints by Rembrandt, Dürer and Goya are displayed alongside anatomical drawings, war art and antique metamorphic postcards; human remains will be juxtaposed with Renaissance <i>vanitas</i> paintings and twentieth century installations celebrating Mexico's Day of the Dead. From a group of ancient Incan skulls, to a spectacular chandelier made of 3000 plaster-cast bones by British artist Jodie Carey, this singular collection, by turns disturbing, macabre and moving, opens a window upon our enduring desire to make peace with death.



Temporary Exhibitions		
<p>Feb – May 2016</p>	<p>Roman Parade Armour (dispersed Hadrian’s Wall exhibition)</p>	<p>The sites and museums across Hadrian’s Wall provide an impressive range of evidence about the cavalry regiments, their equipment, barracks, distribution etc. A dispersed exhibition would allow each participating site or museum to contribute part of the story of Roman cavalry according to the information/evidence/site/facilities/opportunity available to them. The partner museums can participate simultaneously, creating a Wall-wide exhibition with visitors encouraged to visit all the participating sites. Those locations with space available might put on a significant temporary exhibition focusing on particular themes or elements. Others might simply ‘point’ visitors to key objects within their displays/collections that illustrate the exhibition themes.</p> <p>Where key information is missing and /or to enhance the overall impact of the exhibition and to encourage visiting, loans might be sought. For instance each participating location might display a Roman Cavalry helmet. This would provide a major promotional hook, give a clear link between all those participating and encourage visitors to visit all the participating museums to see all the different helmets.</p>
<p>Summer 2016</p>	<p>Children's Film and Television (TBC)</p>	<p>Children's Film and Television is a celebration and exploration of British children's television and films from the 1950s to the present day. The exhibition follows British children's film and television through the decades. Each section of the exhibition is object rich, ranging from on screen production items and props, through to scripts and other material relating to the making of films and programmes. It also includes the huge number of spin-off toys, games and books that have been produced alongside films and programmes. The interpretation gives an overview of the main developments and the iconic productions of each decade</p>



Temporary Exhibitions		
Autumn / Winter 2016	Carlisle at War	Carlisle’s war experiences told during the years 1914-1918 and Carlisle’ peoples war experience of 2014. The exhibition would comprise: The Quintinshill Rail Crash: The Worst in British Rail History; HM Gretna: anti-social behaviour and the coming of Central Control Board, Carlisle hospitals and a case study of Auxuillary Nurse Jean Johnstone, Carlisle men at War on Land and Sea, Carlisle’s war machine – Wartime industry –Munitions Factories, Cowans Sheldon, Hudson Scott, Morton Sundour etc, the end of the Dandy service, the City Cinema and entertainment, Royal and Presidential Visits (King George V and President Woodrow Wilson), the Empowerment of Working Women: Case Study- Election of Carlisle’s first female councillor Eliza Buchanan and the Opening of Kingmoor Nature Reserve 1914
Summer 2017	China?	Possible collaborative exhibition with the Xuzhou Museum in China
Autumn 2017	International Landscapes (TBC)	Possible collaborative exhibition with the British Museum’s Department of Prints and Drawings
2018	Art Along the Wall (TBC)	A major exhibition on the art work of Hadrian’s Wall



Temporary Exhibitions		
<p>May to September 2018</p>	<p>A Day in the Life of the River Eden (Eden Rivers Trust)</p>	<p>This exhibition will be the culmination of the five year, HLF funded Cherish Eden Project, delivered in partnership with the Eden Rivers Trust. The exhibition will use mixed media to increase awareness and understanding of the river, and river related (natural, built and cultural) heritage of the catchment through providing a cultural experience that animates and interprets the heritage for new audiences. The key message of the exhibition will be ‘that people (you and me) have impacted on this river and negatively affected its health . . . but before you shrug your shoulders and give up, many good things are happening (like this project) to restore the river to the health that it deserves’. The exhibition will contain natural history specimens, archaeology materials, social history artefacts and artworks from the Tullie House collection together with artwork, documentaries and oral history interviews created during the duration of the project.</p>
<p>2014</p>	<p>Ideas Incubator</p>	<p>2014 will also see the launch of the exciting new <i>Ideas Incubator</i> – a flexible audience led approach to programming and interpretation in the museum’s Exhibition Gallery, which will pilot ideas for engagement to support the Cumbria 20:20 Museum interpretation strategy.</p>

Events		
Ongoing	School workshops	Combination of special event weeks and bookable on demand workshops for foundation stage, KS1 – 5, FE and HE students
Ongoing	Memorable Afternoons	Object-based reminiscence sessions for adults with dementia or memory problems. Bookable on demand.
Ongoing (until April 2015)	Student response competitions	Competitions to encourage student responses to the Natasha Daintree, Martin Greenland and Richard Slee exhibitions
Weekly	Monday Alternative	Continuation of the museum's popular weekly alternative film screenings featuring the best of Independent and World Cinema
Weekly (September – May)	Family Friendly Sundays	Funding dependent post March 2015 Family friendly activities and object handling sessions in the Border Galleries
Monthly	Lunchtime Lecture Programme	Continuation of the museum's popular monthly lunchtime talks
Monthly	Saturday Session	TBC – dependent on success of pilot programme. Series of adult art and craft workshops inspired by the collection and temporary exhibition programme
Monthly	Thursday Talks	Series of illustrated talks and curator-led tours inspired by the collection and temporary exhibition programme
Monthly from April 2014 – March 2015	Community Textiles Group	Monthly meeting covering a diverse range of crafts and textiles activities.
Six week blocks from April 2014	Life Drawing Classes	A series of taught and untaught life-drawing sessions which use the Pre-Raphaelite art collection for inspiration
March / April (annual)	Easter Holiday Family Activities	Family friendly drop in sessions and bookable workshops
April (annual)	Slow Art Day	As part of the international event, Slow Art Day, Tullie House will host a curator-led visual art discussion focused on the permanent fine art collection.
May (annual)	Museums at Night	Evening event linked to national festival of after-hours cultural events at museums, galleries and heritage sites
May / June	May Half Term Holiday	Family friendly drop in sessions and bookable workshops

Events		
(annual)	Family Activities	
June	Bioblitz	CBDC led 24-hour outreach session to record as much wildlife as possible, combined with guided walks, displays, demonstrations and activities.
July (annual)	Festival of British Archaeology	Series of adult talks and family workshops in support of the national Festival of British Archaeology Week
July / August (annual)	Summer Holiday Family Activities	Family friendly drop in sessions and bookable workshops
August (annual)	Victorian Summer Fair	Traditional summer fair activities for families
September (annual)	University of Cumbria Fresher's Fair	Annual attendance at the University of Cumbria's Fresher's Fair
September 2014	C-Art 20x20 talks	Series of illustrated talks on contemporary art in support of Cumbria-wide open studio event
October (annual)	October Half Term Holiday Family Activities	Family friendly drop in sessions and bookable workshops
October (annual)	Big Draw and Family Arts Week	Weekend of family friendly drop in sessions and bookable workshops linked to the national Big Draw and Family Arts Week events
October (annual)	Cumbria Wildlife Recorders' Conference	One day conference for anyone working with or interested in Cumbrian nature. Coordinated by CBDC
November 2015	Living Wall Conference 2	TBC dependent on success of 2014 conference. An second conference to explore the relationships and differences between UNESCO World Heritage sites and living frontiers
November (annual)	Takeover Day	Student placement programme as part of the national campaign by 'Kids in Museums' aiming to promote the involvement of young people in the cultural sector
November (annual)	Learning Outside the Classroom	An event to encourage the University of Cumbria student history teachers to use museum facilities and resources



Events		
December (annual)	Christmas Fun Day	Christmas-themed family event
December (annual)	Christmas Alternative Film Screening	Christmas film double bill and supper
February (annual)	February Half Term Holiday Family Activities	Family friendly drop in sessions and bookable workshops
March (annual)	National Science Week Events	A series of family sessions, adult talks and school workshops to celebrate National Science Week (2014 events delivered in partnership the University of Lancaster to engage visitors with the Mechanical Circus exhibition



Appendix C - Tullie House Museum and Art Gallery Trust - Proposed budget 2014/15 to 2016/17

£ thousand, in constant 2013/14 prices		Baseline Year	Plan Year			% Increase Year 3 over Baseline
		2013/14	Year 1 - 2014/15	Year 2 - 2015/16	Year 3 - 2016/17	
		Budget £k	Draft budget £k	Draft budget £k	Draft budget £k	
Income	Tullie House Trust	1,831	1,848	1,646	1,685	-12.4%
	Of which:					
	Carlisle City Council grant	1,232	1,232	982	982	-20.3%
	Carlisle City Council central services	99	102	90	90	
	Generated income	500	514	574	613	22.6%
	Arts Council England (ACE) CMC grant	589	582	0	0	-100.0%
	Cumbria Biodiversity Data Centre (CBDC)	89	93	97	101	13.7%
	Total income	2,509	2,522	1,743	1,786	-28.9%
Expenditure	Payroll:	1,267	1,296	945	947	-25.2%
	Of which:					
	Tullie House Trust-funded	916	941	881	881	-3.8%
	ACE funded	290	293	0	0	-100.0%
	CBDC funded	61	62	64	66	8.6%
	Utilities (all Tullie House Trust-funded)	159	162	166	171	7.5%
	Other Costs:	1,082	1,125	706	684	-44.2%
	Of which:					
	Tullie House Trust-funded	680	648	595	598	-12.1%
	Carlisle City Council central services	99	102	0	0	
Externally sourced central services	0	0	80	80		
Development plan costs	0	80	25	0	0.0%	
ACE-funded	299	289	0	0	-100.0%	
CBDC-funded	4	7	7	7	30.0%	
	Total expenditure:	2,508	2,583	1,817	1,802	-28.14%
Surplus/(Deficit) - (All attributable to Tullie House Trust)		2	-60	-74	-16	
	To be funded from Reserves	-	80	75	20	
Unrestricted Reserves - Expected balance at Year-end		508	448	373	353	



Appendix D– Unrestricted Reserves, capital expenditure and cash

1. Tullie House Museum and Art Gallery Trust – summary of Reserves position

The Trust carried forward the following reserves at 31st March 2013:

Restricted Reserves	£217k
Designated Reserves	£83k
Unrestricted Reserves	£506k
Total	£806k

2. Effect of business plan projections on Unrestricted Reserves

Unrestricted Reserves – opening balance at March 2014	£508k
Surplus generated March 2015	£20K
Planned use of reserves in:	
Baseline Year (2013/14)	£nil
Year 1 (2014/15):	
Development plan	£80k
Year 2 (2015/16):	
Excess of other costs over income	£50K
Development plan	£25k



Year 3 (2016/17)

Excess of other costs over income £20k

Unrestricted Reserves – closing balance at March 2017 £353k

Note: The Trust's policy is to hold unrestricted reserves of £300k.

3. Major capital expenditure

The business plan assumes three major capital projects in the next three years:

2014/15 - replacement of ageing IT equipment	£50K
2015/16 - new Panelock system	£55K
2015/16 -cost saving technology (provisional estimate)	£150K

4. Cash Position

At 30thSept 2013 the Trust had a consolidated cash balance of £1.05m invested in a series of interest bearing accounts. This reflects the fact that both the Council and the Arts Council's grants are paid quarterly in advance and reserve transfers in May 2011.

Taking into account proposed capital expenditure and the planned calls on the reserves, the Trust expects to maintain a strong positive cash position during the 3-year period of the business plan.

EXCERPT FROM THE MINUTES OF THE COMMUNITY OVERVIEW AND SCRUTINY PANEL HELD ON 19 NOVEMBER 2013

COSP.78/13 TULLIE HOUSE MUSEUM AND ART GALLERY TRUST BUSINESS PLAN 2014/17

The Overview and Scrutiny Officer advised that Members from the Resources Overview and Scrutiny Panel had been invited to attend the meeting to scrutinise the Business Plan with the Community Panel. One Member had given apologies but no other Members were in attendance. The Executive the previous day had requested that the Resources Overview and Scrutiny Panel should consider the plan but the Scrutiny Officer advised that it had been agreed at the last meeting that the Panel would attend this meeting. If the Resources Panel wished to consider the plan a special meeting may be required.

Mr Cooke, Chair of the Tullie House Trust Board introduced the members of the board in attendance. He reminded Members that the grant to Tullie House would be cut by £250,000 in 18 months. Whilst that was a painful decision to make the Board understood that the cut was necessary due to financial pressures. The Council had 18 months to finalise the details which were not without risk and the Trust could not guarantee that the income set within the business plan would be achieved. However, the Board had a track record of achieving targets and Mr Cooke was confident that the Trust could deliver the budget within the budget plan.

Mr Cooke advised that the Trust had a desire to implement a major redevelopment of Tullie House after the three years of the Business Plan. There was a long term intent to place the collections in a better environment that would do justice to the collections. Museums and art galleries were usually updated every 20 years or so and the Trust believed that the time was right for the Trust to recommend such a development to the City Council. The Trustees acknowledged that they managed the museum for the residents of Carlisle on behalf of the City council. The Trustees were in discussion with Officers to determine the best procedures for engaging with Members to ensure that the end result was a museum that the Trustees and Members could be proud of.

Ms Wade advised that the George Howard Collection had been well received and the museum had received a national award for its work on education.

In respect of the museum's collections Ms Wade explained that the Trustees had a vision of how they wished the museum to look in 2020 and had drafted a plan of how they wanted to work with the Council and partners. The museum had poor education facilities and the storylines needed to be refurbished. There was poor visitor circulation around the collections and also storage issues. The Trustees wished to discuss the Herbert Atkinson building with Council Officers.

Discussions had also taken place with the Heritage Lottery and a bid would be submitted within the next year or so. The Roman Frontier Gallery was doing well and had been given a strong push by the British Museum. The Trustees were now looking at international opportunities in countries such as China.

In March 2014 the Trustees would be submitting a bid with the Cumbria Museums Consortium to secure a three-year extension of Arts Council England's £2.3 million major grant funding from 2015. That would be undertaken with Cumbria Museums Consortium partners Wordsworth Trust and Lakeland Arts Trust. The original award, which was won against tough opposition from cities such as Birmingham and Sheffield, in effect placed Tullie House with its partner museums in the top sixteen in the country outside the national museums.

With regard to audiences there had been a number of temporary exhibitions and the outreach project had increased its numbers. There were various initiatives for young people that had been funded by the Arts Council. An apprentice scheme had started and there were currently three apprentices at the museum and the museum were looking at developing the scheme further. There was also a strong team of volunteers.

The Trustees were also starting a digital programme entitled Treasures of Cumbria in which people could submit their stories of Cumbria. The project would tie in with the World War 1 commemorations and it would be an opportunity for residents to put forward their own stories. The display of the Crosby Garret Helmet had been exciting and had realised 4,000 visitors over the last two weeks with over 300,000 Twitter reaches.

In terms of resources the Trustees were looking at business development, fund raising and increasing regeneration. The staff at the museum were very loyal and committed.

In considering the report Members raised the following comments and questions:

- *With core funding being reduced how would the museum be sustained? Would the museum start charging for projects?*

Ms Wade advised that the Trustees had recently changed their charging policy. They were looking at fund raising which was a major part of income generated over the next twelve months. The Trustees were also looking at appointing a Fund Raising Manager.

- *Appendix C indicated that the income generated for 2013/14 was £500,000. How did that compare to the first year that the Trust was in place?*

Mr Cooke explained that in the first year after transfer to Trust status the income generated was £250,000. It was anticipated that by the end of the Business Plan that figure would be nearly £750,000 (including about £100,000 from Cumbria Bio-Diversity Data Centre, which was part of Tullie House). That meant that generated income would increase from about 24% of the Council's core grant in 2012/13, the Trust's first year, to 63% in 2016/17 (recognising that there would be some reduction in Council grant over

that period). The equivalent figures if the Cumbria Bio-Diversity Data Centre income was included would be 28% and 73%.

In response to a query from a Member Ms Wade gave a detailed breakdown of the income since 2011 from admission charges, Council budget and catering. Other sources of income included Grant Aid and interest from bank accounts. It was difficult to detail grants as they did not have a consistent pattern from year to year.

- *The justification for creating the Tullie House Trust was to enable the capacity for the Trust to generate income that would not be available to the Local Authority. Was the Trust on target with that funding or had it exceeded expectations?*

Mr Wheatley explained that it had exceeded expectations but it had been difficult to forecast for the first two years. A more accurate picture would be available for the coming year.

Mr Cooke explained that the Trust would have to re-apply for a grant from the Cumbria Museums Consortium over the next four months.

Ms Wade advised that when the previous bid had been won the bid had been put together by the Trusts themselves without the help of a professional fund raiser. Mr Cooke added that one of the major factors in winning that award was the fact that the Trust were working in partnership with two other major organisations in Cumbria and the outreach work was making art accessible to residents in Cumbria.

- *There was concern about the proposed reduction in Council grant and the potential impact on staff.*

Ms Wade advised that there was a lot of work to do but the Trust would look at ways of raising income and making savings from other sources before reducing staff numbers. The creating of a Fund Raising Manager post was seen as an investment.

Mr Cooke explained that the Trust would look at technology to enable the Trust to operate on a leaner basis.

The Culture, Health, Leisure and Young People Portfolio Holder acknowledged that the Trust had some tough decisions to make and increasing charges would be one option. A lot of work could be done on service delivery but none of the decisions would be taken lightly.

- *The Council were investing in other projects. Tullie House had been a superb museum for a number of years and the Council were now investing in a project that was not fully developed.*

Mr Cooke advised that if the Trust found it difficult to maintain the quality of service they would come back to the Council to discuss that best way forward but the Trust was not yet in that position. The Trustees had the scope to look at inventive ways to find funding and maintain their position. Mr Cooke added that he was pleased that the

Council were investing in Arts projects and hoped that the proposed Arts Centre would complement Tullie House and the offer of Carlisle.

- *How long would the contract be for the Fund Raising Manager?*

Mr Cooke explained that that had not been decided but it would be preferable to have the post as a staff post rather than as an advisory position. The initiative was relatively short term looking to generate funding in the short term to meet the aspirations of the Business Plan.

- *After allowing for the grant to Tullie House did the Trust cost the Council less now than when it was under the Council's control?*

The Director of Resources advised that there had been a saving of £111,000 spread over three years from when the Trust commenced, ie a 10% reduction in direct costs. The proposed reduction would achieve a further 20% saving which would result in a 30% overall reduction which was in line with comparable savings elsewhere within the Council.

- *It had been anticipated last year that there would be 300,000 visitors to the museum this year but that figure had been amended to 250,000 by the end of the financial year. How confident was the Trust of achieving that figure?*

Ms Wade anticipated that there would be 242,000 visitors this year with an expected 250,000 the year after. The Crosby Garret helmet exhibition had had a positive impact on visitor numbers and the Trust was looking at an upward trend.

- *There was concern that the Trust's vision was ambitious. Members queried what contingency plans were in place should the proposed bid fail.*

Mr Cooke stated that they would go back to the Heritage Lottery Fund with a less ambitious option and use the available space for additional gallery and storage.

Ms Wade advised that she had had a very positive meeting with representatives from the Heritage Lottery Fund who had taken a draft of the 2020 vision. The representatives were very supportive and believed that the vision was along the right lines. The Trust recognised that it was important that they worked with partners such as the Council and the University. The bid would be worked up over the next year and then submitted in November 2014. The bid would have to go through the national office and would be competing against museums in large cities.

Mr Cooke added that stage one of the submission was key and there was a lot of work to ensure the bid was in good condition before it was submitted.

In response to a query regarding the Trust's 2020 vision Mr Cooke stated that the Trust would like to make a formal presentation to the Council at some point. Ms Wade added that the museum had superb collections that currently could not be displayed or made accessible to visitors. Work with toddler groups had increased but the conditions that

schools were brought into were appalling and access for children with disabilities was difficult.

Mr Cooke explained how the collections were organised and explained that Tullie House was like four different museums. The Trust would like the linkage between the different collections to be better.

The Trust were looking at the possibility of introducing a visitor orientation gallery that would allow visitors to see what was in the museum before paying their entrance charge which was something that a number of museums had started to do.

- *It was good to see that the Trust was making use of the services to help the health and wellbeing of children.*
- *The Trust had been in existence for only two years but was doing a good job. They could look for funding in areas not available to the City Council and realised that they were the caretakers of that part of the historic quarter. The Member believed that the Council had a duty to support the museum on behalf of the residents of Carlisle and should provide the support that the Trust needed for the future.*

Mr Cooke stated that the Trust were aware from the beginning that they would have to demonstrate that they were capable of running the museum and believed that they would continue to be able to demonstrate that over the next three years.

- *The museum belonged to the people of Carlisle and it should be funded by the tax payers' money.*

The Communities and Housing Portfolio Holder hoped that the Trust were more than caretakers and believed that the City Council could continue to contribute. In view of the Council's financial situation the grant proposed was generous.

- *There was concern about the risk over the £1,000,000 investment in the Arts Centre which did not have a Business Plan.*

The Communities and Housing Portfolio Holder stated that she hoped that the development of the Arts Centre would complement the work of Tullie House and that the Council and the Trust could work together to complete the work in the museum. The Arts Centre would be new and bring in a different generation.

- *Tullie House should complement the Arts Centre more. Money was being taken from Tullie House to fund the Arts Centre.*
- *Tullie House currently contributed to the economy while the Arts Centre did not. Had the effect on the local economy been considered?*

The Director of Resources believed that there was no correlation between the Arts Centre and Tullie House in financial terms. The City Council would have to subsidise the Arts Centre but not to the same level as Tullie House.

- *Had the staff who had transferred been covered by TUPE conditions?*

Mr Cooke explained that staff had been transferred under TUPE. The local conditions included high fixed costs and the Trust may wish to consider changing the balance of fixed to variable elements of remuneration that could be more performance related. That would need to be looked at very carefully. The aim was to ensure employment costs were managed and that staff were able to work more flexibly. If there was any question of changing the employment contracts of staff who had transferred across from the Council that would be done in consultation with them in the proper way. The Trust would seek guidance from the Council's HR Officers but they had no specific plans at present.

- *A Member had confidence in what the Trust were doing. He acknowledged Members' concern but believed that they had to be more positive and the situation had to be accepted. The Member wished the Trust well and believed that they would achieve the funding they were seeking.*
- *What was the position in respect of purchasing services?*

Mr Cooke explained that prior to the creation of the Trust there had been discussion on funding for central services. It had been decided that services such as HR and payroll, ICT, premises management and procurement services would continue with the City council for an indefinite period. If the Trust wished to terminate that agreement they were required to give 12 months notice. The services did not include finance and accounting as the Trust, being a charity, had to have their own independent financial and accounting advisors. The Trust would be looking at the feasibility of transferring some of the services to external bodies and it had been indicated that the Trust could save around £10,000 from 2015/16 but recognised that a lot of discussion on the matter was required.

The Chairman thanked the Trust representatives for their time and input.

RESOLVED: 1) That Report SD.09/13 be noted.

Report to Executive

Agenda
Item:

A.5

Meeting Date: 16th December 2013
Portfolio: Finance, Governance and Resources
Key Decision:
Within Policy and
Budget Framework YES
Public / Private Public

Title: ASSET REVIEW BUSINESS PLAN - REFRESH OF DISPOSAL PROGRAMME
Report of: Director of Resources
Report Number: RD.64/13

Purpose / Summary:

The attached Report (RD 47A/13), a midterm review and refresh of the Disposal Programme, was referred to Resources Overview and Scrutiny Panel on 28th November 2013 for comment and feedback. The minutes from the Panel's meeting are attached for consideration and then, if the Executive choose to do so, the Report can go to Council for adoption on 7th January 2014.

Recommendations:

The Executive consider the comments from the Resources Overview and Scrutiny Panel and refer the Report to full Council for adoption.

Tracking

Executive:	N/A
Overview and Scrutiny:	N/A
Council:	7 th January 2013

1. BACKGROUND

1.1 See Report RD 47A/13

2. PROPOSALS

2.11 See Report RD 47A/13

3. CONSULTATION

3.11 See Report RD 47A/13

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.11 See Report RD 47A/13

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 1 See Report RD 47A/13

Contact Officer: Raymond Simmons Ext: 7421

Appendices attached to report: 1See Report RD 47A/13

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:

- CE 39/10

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – 1 See Report RD 47A/13

Community Engagement – 1 See Report RD 47A/13

Economic Development – 1 See Report RD 47A/13

Governance – 1 See Report RD 47A/13

Local Environment – 1 See Report RD 47A/13

Resources – 1 See Report RD 47A/13

Report to Executive

Agenda
Item:

A3

Meeting Date: 28th October 2013
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD.026/13
Within Policy and Budget Framework: Yes
Public / Private: Public

Title: Asset Review Business Plan – Refresh of Disposal Programme
Report of: Director of Resources
Report Number: RD.47A/13

Purpose / Summary:

In discussion with Portfolio Holders Officers' have undertaken a midterm review of the disposal programme, stocktaking the current position in the light of progress, changing circumstances, and the emerging priorities in the Carlisle Plan 2013 – 2016 to address future housing needs. This Report provides an update, proposes some changes to the content of the Programme and outlines proposals to bring forward a pipeline supply of future housing development sites from the revised Disposal Programme. The Executive is invited to consider the changes and, following any comments or amendments, forward the Report to Resources Overview and Scrutiny Panel for scrutiny. Observations from the Panel will come back to the Executive and if it so chooses the revised Programme can then be considered by full Council for adoption.

Recommendations:

1. The Executive note the current position and progress with the Disposal Programme.
2. The Executive considers and comments upon the proposed changes to the Disposal Programme, and the plans to bring forward potential housing development sites to meet the priorities of the Carlisle Plan and address future housing needs, before passing the Report to scrutiny for consideration.

Tracking

Executive:	28th October 2013
Overview and Scrutiny:	ROSP 28th November 2013
Executive:	Executive 16th December 2013
Council:	7th January 2014

1. BACKGROUND

1. Asset Review Business Plan – Disposal Programme

The citizens and businesses of Carlisle benefit from the City Council owning a substantial property portfolio with a value of circa £130m. This portfolio generates income of approximately £5.5m pa – a substantial contribution to the costs of delivering services in the City.

The Asset Review Business Plan was developed by Montagu Evans, working principally with Property Services and the Chief Executive, and approved by Council on 11th January 2011 (Report Ref CE.39/10 refers).

The Plan's objectives are to rationalise and consolidate the portfolio, with a programme of disposals spread over 4 years realising capital receipts of £24 m, and to have:-

- Clear and separate management of the operational, investment and economic development assts.
- Fewer, higher yielding investment assets which are cheaper and easier to manage.
- Maximisation of the embedded value within the portfolio.
- Council owned assets which are well maintained and continue to be attractive for occupiers.
- Increase returns through higher income and lower outgoings.

The capital receipts will be used to fund investment purchases, generating an additional £1m pa to support budget and efficiency savings, and help secure service delivery into the future, and to finance improvements to the operational and economic development portfolios.

A total of 51 assets were identified for disposal over the life of the Plan. The Montagu Evans Business Plan sets out the business case and detailed information on all the assets; this can be accessed on the web link <http://bit.ly/ccc-ARBP>.

Separately there is also an ongoing review of operational property used for service delivery, which includes the Civic Centre office accommodation and the Depots.

2. Current Situation

Disposal Monitoring Schedule

The Disposal Monitoring Schedule sets out in **Appendix1** the current position and work in progress for each of the original 51 assets earmarked for disposal. It also shows, for those assets where sales have been completed, the target receipts and

actual outcomes, the impact on rental income and leases, and the cost to date of realising sales.

Summary Position

The overall position to date in terms of disposals, acquisitions and the impact on the estate and rental income can be summarised in the following table. The cost to date of realising sales including marketing, agency fees and ancillary disbursements amounts to circa £133k which at 2% of gross receipts is within budget targets.

<u>Sales</u>	<u>No Assets</u>	<u>Target Receipt</u>	<u>Actual Receipt</u>
Completed	25	£4.4m	£5.5
In the pipeline	4	£495k	
<u>Purchases</u>			
Completed	7	£2.235m	Rickergate properties, Bhs Woolworth Building, Herbert Atkinson House
In the pipeline	1	£1.1m	Morton land exchange

<u>Rentals</u>	<u>No Assets</u>	<u>No Leases</u>	<u>Amount pa</u>
Losses	25	70	£199k
Gains	7	6	£220k

Morton

A significant part of the Business Plan delivery, and the re-engineering of the Council's portfolio, hinges on the release and disposal of the latent value in the Council's retail and residential assets at Morton. There is a risk that delays in the disposal of this asset will have a substantial impact on the disposal programme, the capital reinvestment plans and revenue position of the Council. This has been recognised and identified on the Council's Corporate Risk Register and is being carefully monitored.

Housing Priorities

The Carlisle Plan 2013-16 identifies the delivery of housing as a priority action for the Council going forward. A number of sites earmarked for disposal in the original

Disposal Programme (10 in total) have the potential, subject to market demand and planning to deliver residential development opportunities in the short to medium and longer term. This could be through the private sector, Registered Social Landlords, a mix of both or bespoke initiatives such as self build schemes.

Additionally a recent trawl of the operational portfolio has been undertaken to identify any vacant land, or assets which may become surplus to requirements in the future, and merit consideration for inclusion in the Disposal Programme as a 2nd Phase of asset sales, which potentially may be suitable for release as housing development land. The sift has resulted in a further 9 assets being identified for possible inclusion in the Disposal Programme, these are shown listed within the Disposal Monitoring Schedule **Appendix 1** as “Phase 2”.

Bringing forward land for residential development for sale in the market place is commonly a resource intensive and time consuming exercise. Much depends on the planning situation, whether there is a current housing allocation, the prospect if at all for a future allocation and, if this can be realised, whether the timescale is in the short, medium or longer term.

The suitability of the 19 assets in the original Disposal Programme and “Phase 2” to deliver future housing needs has been assessed through a desk top appraisal by Planning, Housing and Property officers. Site locations for all the assets involved are shown on the Plan, attached to this Report as **Appendix 2**, edged in red and shaded either green, red, orange or yellow. Land shaded light pink on the Plan highlights the relationship of these sites with other land in Council ownership.

The desktop evaluation has looked at the pertinent criteria most likely to influence the ability to deliver land for residential development including inter alia current use and occupation, planning, site conditions and constraints, end users, value and market demand, and timescales. The conclusions from the exercise have been assembled and tabled together; they are presented in **Appendix 5** to the Executive for comment with a proposed recommendation in terms of disposal strategy and a pipeline delivery programme.

2. PROPOSALS

2.1 Disposal Programme Going Forward

- **Appendix 3** – This schedule details the asset sales within the original Programme which have been put on hold, delayed or postponed. The position is noted and a future course of action for each is proposed.
- **Appendix 4** – This schedule sets out details for asset which have already received Executive consent to release. Sales are in the pipeline or the preparatory work to bring the assets to the market is already underway. The Executive is invited to note the position.

- **Appendix 5** – This schedule details the 19 assets identified from the original Disposal Programme (10), and the recent trawl of operational property (9), which have been assessed for suitability and viability as potential housing development sites with a view to bringing forward a future delivery programme to meet the Council's housing aspirations and budgetary requirements. For each site under assessment the asset details are set out, together with the current planning position, and other material considerations. A proposed course of action is suggested for each individual asset which can be broken down into the following 5 groupings and proposed outcomes/actions:-
 - **No prospect of housing development** – These assets, shown shaded **red** in Appendix 5, should be released for sale as part of the disposal programme or retained for operational use.
 - **Ripe for immediate sale development** – Most of these assets, shown shaded **dark green** in Appendix 5, are already included in the Disposal Programme and have the benefit, apart from the land at Westwood Road, Morton, of a current planning allocation for primary residential use. The land at Raffles is already in the course of development through the Lovells Partnership Agreement, and the housing site at Lonning Foot, Rockcliffe has been on the market for some time now. It is suggested, for sites which are not already underway, they should be brought forward to the market as soon as possible on the basis of the proposals set out within the schedule. A separate Report RD. 48 A and B/13 has been prepared for the Executive to consider on the Land at Westwood Road.
 - **Strong possibility for development in the short term** – These sites, identified in **light green**, have the potential to be brought forward for housing within the next 2 to 3 years, subject to planning, to meet private house builder demands and also provide a mix of affordable/social housing through Registered Social Landlords. Work to bring these sites forward in order to deliver within the timescale envisaged needs to commence straightaway.
 - **Longer term opportunities** – These are large sites, shown coloured **orange** in the Appendix which, if they are to be brought forward for housing, require a strategic approach worked up over the longer term.
 - **Miscellaneous sites** – Coloured **yellow** in the Appendix these remaining sites, which are relatively small in size, all have intrinsic constraints commonly around access which limit scope for housing purposes unless a special purchaser, such as an Registered Social

Landlord, or specific use for example self build, can be found to unlock any future potential.

3. CONSULTATION

3.1. The Asset Review Business Plan has been endorsed by full Council following an extensive period of consultation with stakeholders and Members. These proposals to refresh the content of the Plan and meet the housing needs of the Carlisle Plan 2013-16 have been discussed at Senior Management Team, Joint Management Team and the Strategic Housing Development Group. Their views and opinions have been incorporated into the Report.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1. To more effectively manage the Council's assets in pursuit of wider strategic and budgetary objectives, and bring forward land for development to meet the goals of the Carlisle Plan to address housing needs.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1. It is considered the proposals will support the following priorities:-

- Addressing the current and future housing needs of the City.
- Promoting partnership working with private and public organisations.
- Providing capital receipts to support the Asset Business Plan and maintain public services.

Contact Officer: Raymond Simmons Ext: 7421

Appendices attached to report: Appendix 1 – Disposal Programme Monitoring Schedule
Appendix 2 – Housing Sites Location Plan
Appendix 3 – Asset Sales on Hold
Appendix 4 – Asset Sales Consented and Underway
Appendix 5 – Schedule of potential Housing Development Sites

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: CE 39/10 Draft Asset Business Plan

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – None

Community Engagement – None

Economic Development – None

Governance – The Council has a fiduciary duty to properly manager its property assets. It has the legal powers to both buy and sell land and, in terms of disposals, should sell surplus land. The Asset Management Plan is part of the Council's reserved Budget & Policy framework and, as such, the Executive is required to consult with Overview & Scrutiny before making a recommendation to Council.

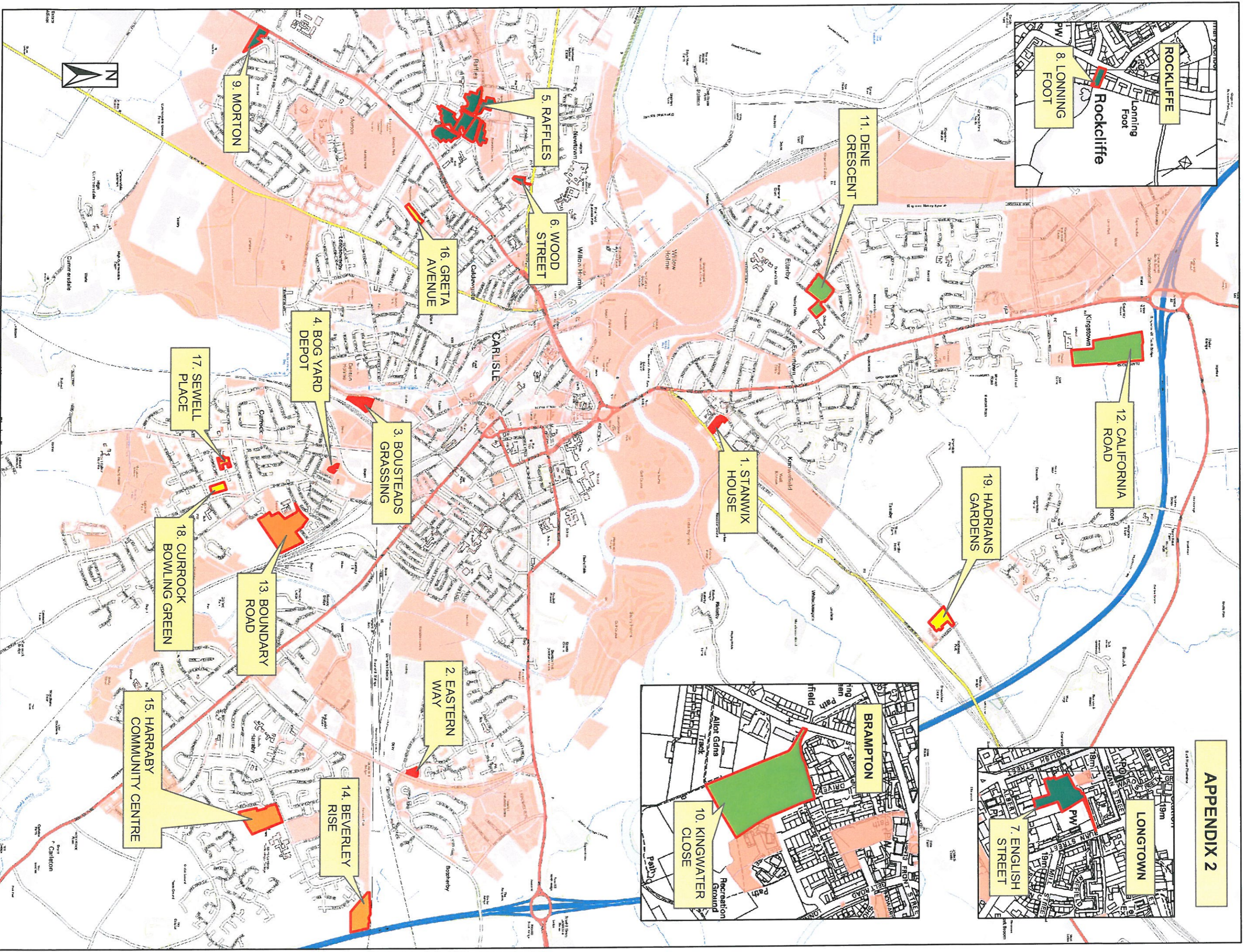
Local Environment – None

Resources – The asset review business plan has been progressing since its implementation and to date has achieved £1m more capital receipts than originally anticipated (£5.5million against £4.5million). Some of these additional receipts have been utilised to progress the Arts Centre proposals. Seven purchases have been completed at a total cost of £2.25million and new income has been generated of £220,000. Lost rental income on assets sold of £199,000 has been incurred. Further assets have been identified for potential disposal which, if sold will provide additional receipts over and above those originally envisaged.

Asset Review Business Plan - Disposal Programme - Monitoring Schedule

Disposal Programme		Progress											Comments & Issues								
Item	Property	Year					Target Receipt (£)	Rental Loss (£)	No of Leases / licences / tenancies	Property	Legal	Planning	Communication	Governance	Marketing	Completion	Records	Gross Receipt Net of VAT (£)	% Change on Target Receipt	No of Leases / licences / tenancies sold	
		10	11	12	13	14															
1	Morton Residential Site (Church Commissioners)							1												Montagu Evans. Linkage Morton Retail. Negs close finalising land exchange. Exec consent 11/2/13	
2	Cumbria University - Paternoster Row/Castle St						94,500	2												Historic Quarter. Tullie Trust.	
3	Carlisle Airport							1												Planning. Development prospects.	
4	Rosehill Industrial Estate (part)						100,000	26												Special purchasers. Marriage value. Contamination. Parking. EDU significance	
5	Whinnie House Residential Ground Lease						6,250	1												Rent Review imminent	
6	Doctors Surgery Fusehill Street					10,000		1									20,000	100.00	1	Sold	
7	Depot R/O Old Raffles Parade					30,000		1								24,000	-20.00	1	Sold		
8	Land between Eastern Way and Durranshill Road							0												Planning & Development	
9	Land at Boundary Road							0												Planning & Development	
10	Land at Dene Crescent							0												Planning & Development	
11	Land at Beverley Rise							1												Planning & Development	
12	Land at Kingwater Close Brampton							2												Planning & Development	
13	Doctors Surgery at Eastern Way					137,500	8,250	1								160,000	16.36	1	Sold		
14	James Street Workshops						51,750	7												Auction in February postponed. Hold in abeyance pending further consideration	
15	Cumbria University - Stanwix House/Cottage						19,200	2												Planning & Development	
16	BBC Annetwell Street							1												Hold in abeyance outcome BBC review. Progress sale Exec consent 30th Oct	
17	Port Road Workshops and Storage Land					300,000	29,925	6								275,000	-8.33	6	Sold		
18	Land at Gelt Rise Brampton					200,000										216,000	8.00		Sold		
19	Land at Low Meadow					324,000										360,000	11.11		Sold		
20	Morton Retail Land							1												Montagu Evans. Linkage Morton Residential land & Viaduct Est.	
21	Treasury Court						13,500	1												Tenant pre emption. Bringing to market Auction 16th Oct	
22	Land at Leabourne Road					24,000		1								14,000	-41.67	1	Sold		
23	Land at Wood Street							1												Planning and Development. Community interest	
24	Hewson Street Workshops					200,000	20,000	5								180,000	-10.00	5	Sold		
25	South John Street Workshops & Storage Land					190,000	15,000	8								164,950	-13.18	8	Sold		
26	Land adjoining Morton Petrol Filling Station					50,000	20	1								47,500	-5.00	1	Sold		
27	Land at central Longtown							0												Planning and Development. Marriage adjoining site discussions in hand	
28	17 Scotch Street (Save the Children)						26,000	1												Linkages with City Centre and sale of Lanes	
29	Retail Units 1,2 & 3 Market Place, Brampton					237,000	23,350	2								240,000	1.27	2	Sold		
30	Viaduct Industrial Estate						21,325	2												Hold in abeyance pending Morton retail site linkage	
31	Burgh Road Industrial Estate					1,000		1								500	-50.00	1	Sold		
32	Land at Lonning Foot Rockcliffe							0												Planning Consent. Autumn 2011 marketing. Sale fallen through remarketing	
33	Currock Road Retail Site					1,393,000	77,000	3								1,910,000	37.11	3	Sold		
34	Long Island Park Industrial Estate					157,000	12,600	3								244,800	55.92	3	Sold		
35	Longtown Industrial Estate					90,000	7,200	3								80,000	-11.11	3	Sold		
36	Willowholme Industrial Estate					300,000	28,756	25								544,000				13 sites 8-11, 12, site adj 13, 15, 18, 20, 21 & 22 completed. Remainder Estate bringing to Auction 16th Oct. Show	
37	Airport Industrial Estate					30,000	4,678	2								63,600	112.00	2	Sold		
38	Sub Stations						87	21												Records. Identification	
39	Rigg Street					5,000		1								12,000	140.00	1	Sold		
40	Residential Enclosures						500	203												Records. Identification	
41	Garages at Isabella Street					12,000		5								19,000	58.33	5	Sold		
42	Garages at Gardenia Street							3												Hold linkage Depot Accommodation Review	
43	Garages at Tullie Street					12,000	502	2								18,000	50.00	2	Sold		
44	Garages at Allason Court Brampton					10,000	1,004	4								11,700	17.00	4	Sold		
45	Garages at Broad Street						1,256	10												Withdrawn Auction. Holding pending further consultation	
46	Land at Old Isolation Hospital, Moorhouse					65,000		2								95,000	46.15	2	Sold		
47	Agricultural land at Carlisle Airport					300,000		5								479,760	59.92	5	Sold		
48	Agricultural land at Harker					32,000		1								39,500	23.44	1	Sold		
49	Land at Gelt Bridge Brampton					150,000		1								210,000	40.00	1	Sold		
50	Esk Street Depot					13,000		0								13,000	0.00		Sold		
51	Raffles Development Land							0								65,000	#DIV/0!			Lovells Partnership Agreement. Dalton Ave & Thomlinson Rd	

Disposal Programme						Progress										Comments & Issues												
Item	Property	Year				Target Receipt (£)	Rental Loss (£)	No of Leases / licences / tenancies	Property	Legal	Planning	Communication	Governance	Marketing	Completion	Records	Gross Receipt Net of VAT (£)	% Change on Target Receipt	No of Leases / licences / tenancies sold									
		10	11	12	13																	14						
	Annual Loss of Rent:					562,653										5,507,310		25	properties sold.	Total no' leases, licences & tenancies sold:	72							
	Annual Sales:					4,272,500										132,727			Net receipts over estimate:									
						Total no' leases, licences & tenancies:	371									5,374,583			£1,102,083.03									
																2%			n.b. Net receipts now includes Willowholme - as from 31/03/13									
KEY:																												
	Progress Indicator					Red	Not started																					
						Yellow	Underway																					
						Green	Completed																					
Progress Categories:		Property	Property preparatory sale tasks				Inspection; Plans; Boundaries; Occupations; Utility Services; Highways; Drainage; Use; Rates																					
		Legal	Legal preparations for sale				Report on title: Registration; Criel Down; Public Open Space; Legal Pack																					
		Planning	Establishing planning position				Local Development Framework; Site Appraisal; Listing; Designations; Advice; Planning Application																					
		Communication	Informing relevant parties				Ward Members; Parish Councils; Tenants; Adjoining owners																					
		Governance	Consents & approvals				Executive; Council; Statutory approvals																					
		Marketing	Undertaking the sale				Valuation; Disposal route (private treaty/tender/auction); Agency appointment; Marketing budget; Sales particulars; Advertising; Marketing; Viewing; Negotiations; Heads of term; Section 123 Valuation																					
		Completion	Completion legal documentation				Instructions; draft documentation; Pre contract enquiries; Exchange; Completion;SDLT; Land Registry																					
		Records	Update Records				Finance; Asset Register; Property Database; Terrier plans; Insurance																					
																		Date of report: 17 October 2013										
Phase 2 - Proposed Disposal Programme																												
n/a	Land at California Road					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Bousteads Grassing Depot					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Land at Westwood Road Morton					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Land at Harraby Community Centre					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Currock Bowling Green					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Hadrians Gardens Brampton Road					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Bog Yard Depot					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Land at Sewell Place					0													Consideration Exec 28th Oct RD 47A/13									
n/a	Land at Greta Avenue					0													Consideration Exec 28th Oct RD 47A/13									



APPENDIX 2

ASSET REVIEW BUSINESS PLAN – DISPOSAL PROGRAMME

SALES ON HOLD – DELAYED OR POSTPONED

Monitoring Schedule Ref	Montagu Evans Plan Page Ref	Asset	Position	Proposed Action
45	56	Garages at Broad Street	Members postponed proposed auction sale following interest by local residents group to retain as amenity open space.	<ol style="list-style-type: none"> 1. Land – agree terms with Resident Group for lease as amenity open space. 2. Dispose of let garages on open market asap.
16	81	BBC Annetwell Street	Members postponed sale to sitting tenant when cuts threatened future of BBC Radio Cumbria.	BBC position clarified. Progress disposal. Executive consent 30 th Sept 2013
14	72	James Street Workshops	Proposed auction sale. Members put on hold pending further consideration on the way forward.	Hold in abeyance on the Disposal Programme pending further consideration of position

Monitoring Schedule Ref	Montagu Evans Plan Page Ref	Asset	Position	Proposed Action
42	58	Gardenia Street Garages	Hold pending Depot Review, possible access / development	Continue to hold in abeyance until decision on Bog Yard made following Depot Review
30	69	Viaduct Industrial Estate	Strategic site pending outcome Morton transactions	Hold in abeyance until Morton outcome materialises
28	36	17 Scotch Street (Save the Children)	Strategic linkages with The Lanes Shopping Centre and Rickergate	Lanes in new ownership. Discuss incorporating asset into Lanes family portfolio.

ASSET REVIEW BUSINESS PLAN – DISPOSAL PROGRAMME

ASSET SALES CONSENTED & UNDERWAY

Monitoring Schedule Ref	Montagu Evans Plan Page Ref	Asset	Position	Proposed Action
36	65	Willowholme Industrial Estate	Remaining sites 1 & 4, 3 7, 6, 13, 14, 16, 17	Bringing to market by auction on 16th October
36	n/a	Willowholme Depot	Sale fell through. Back on market	Bringing to market by auction on 16th October
21	33	Treasury Court	Sale to sitting tenant (right of pre-emption) fallen through	Re-marketing with auction on 16 th October
32	117	Lonning Foot, Rockcliffe	Sale fell through. Back on market	Re-marketing for sale by private treaty, possible auction later
40	82	Residential Enclosures	Numerous scattered house / flats freehold reversions. Poor records, resource intensive with little return	Progress sales as priorities & resources allow

Monitoring Schedule Ref	Montagu Evans Plan Page Ref	Asset	Position	Proposed Action
38	83	Electricity Sub Station Sites	Numerous scattered freehold reversionary sites. Poor records, resource intensive with little return	Progress sales as priorities & resources allow
5	94	Whinnie House Road	Outstanding Rent Review to resolve. Several interested parties	Resolve Rent Review. Bring to market formally

ASSET REVIEW BUSINESS PLAN – DISPOSAL PROGRAMME
POTENTIAL HOUSING DEVELOPMENT SITES

LOCTN PLAN REF	MONT. EVANS PLAN PAGE REF	ASSET				PLANNING POSITION				CONSIDERATIONS	PROPOSED ACTION
		Name	Portfolio & Disposal Programme	Area Ha Acs	Use	Local Plan 2001-16	SHLAA Assmt Timing	Density L/M/H	Nos Dwgs		
1	95	Stanwix House & Cottage	Investment Disposal Programme	0.74 1.8	Leased to Cumbria University	Primary Leisure	No	N/A	N/A	Primary Leisure. Hadrians Wall. Redevelopment of buildings acceptable but little prospect on land	Housing scope nil Disposal Programme sale Bring to open market
2	114	Land between Eastern Way & Durranshill Road, Botcherby	Investment Disposal Programme	0.39 0.96	Open space	Amenity Open Space	No	N/A	N/A	No scope. Retain open space or sell to reduce maintenance liabilities	Housing scope nil Review Disposal Programme sale Retain as open space and remove from Disposal Programme
3	N/A	Bousteads Grassing Depot	Operational	1.09 2.69	Depot	Primary Employment	Yes 6-15yrs	M	33	Depot Review. Flood risk. Limited scope for residential.	Housing scope limited Consider future use following accommodation Depot Review
4	N/A	Bog Yard Depot	Operational	0.327 0.81	Depot	White land	No	L	6	Depot Review. Scope but poor access.	Housing scope limited Consider future use following accommodation Depot Review
5	107	Raffles Development Land	Investment Disposal Programme	11.64 28.7	Lovells Dev't Scheme	Residential consent	No	H	248	Lovells Partnership Development Programme. Ph 4,5,6 & Dalton Ave to build out. Affordable houses for sale	Continue to progress housing dev / sales with Lovells Mix affordable Pvte Sector & Social Housing.
6	105	Land at Wood Street	Investment Disposal Programme	0.22 0.55	Former Bowling Green Vacant	Primary Residential	No	L	14	Part Flood Zone. Poor access. Neighbourhood issues. Deliverable	Disposal Programme sale. Bring to market for Partnership social housing/HCA Apprentice Scheme
7	110	Land at English Street, Longtown	Investment Disposal Programme	0.46 1.14	Former Allotments Vacant	Primary Residential	No	H	18	Feasibility of joint development with Catholic Church. Access issues. Consent on neighbouring land issued – see application 11/0279. Deliverable	Pvte Sector Housing Disposal Programme sale. Progress discussions with Church to jointly bring to market
8	117	Land at Lonning Foot, Rockcliffe	Investment Disposal Programme	0.075 0.18	Former Garden land Vacant	Residential	No	L	1	Agreement for sales fallen through Site for 1/2 dwellings	Pvte Sector Housing Disposal Programme sale
9	N/A	Land at Wigton Road, Morton	Operational	0.78 1.93	Open space	Primary Leisure Area	Yes 6-15yrs	M	23	Adjacent Retail Site. Primary leisure area under review Morton – linked with development of Morton allocation. Timing dependant on delivery of	Interest from RSL, Autism provider & nursery use currently being pursued / worked up. Report to Executive on proposals RD 47A/13

										PLA for Morton housing allocation. Developable	
10	100	Land SW of Kingwater Close, Brampton	Investment Disposal Programme	2.32 5.73	Agricultural land	Urban Fringe Landscape	Yes 0-5yrs	M	70	Attractive/desirable site for pvt developers. Access limitations to unpick. Development in conjunction adjoining land.	Pvte Sector Housing Disposal Programme sale. Bring forward into market
11	111	Land at Dene Crescent, Belah	Investment Disposal Programme	2.19 4.93	Open space	Primary Leisure	No	N/A	N/A	Part only assessed for SHLAA . Some potential on part	Mixed Pvte /Social sector Housing scope Disposal Programme sale
12	N/A	Land at California Road, Greymoorthill	Investment	6.54 16.15	Agricultural land	Allotments	Yes 0-5yrs	M	196	Association with Kingstown IE Allotment allocation review. Part only? Access. Possible joint approach but road improvements may be required. Deliverable	Mix Pvte Sector & Social Housing Include in Kingstown / Parkhouse Future Management Options?
13	112	Land at Boundary Road/York Gdns	Investment Disposal Programme	4.70 11.5	Open space	Primary Leisure, Education & Community	Yes 5-10yrs	L	94	Joint opportunity with County. Part Primary Leisure Area. Contamination. May be scope to reconfigure site to retain some open space and allow for limited residential development.	Site for Social Housing. Bring forward longer term with County. Mixed scheme
14	103	Land at Beverley Rise, Harraby	Investment Disposal Programme	2.15 5.30	Agricultural land	Urban Fringe Landscape	Yes 0-5yrs	M	64	Various potential access points. M6 buffer screening required. Deliverable.	Mix Pete Sector & Social Housing Disposal Programme sale. Bring forward to market in longer term.
15	N/A	Land at Harraby Community Centre	Operational	2.92 7.21	Open space	Primary Leisure Community	No	M	88	Harraby Campus Project. Planners to assess in SHLAA.	To assess possibly Mix Pvte Sector & Social Housing
16	N/A	Land at Greta Ave	Operational	0.41 1.00	Former Allotment Vacant	Primary Leisure Area	No	L	8	Planners to review in SHLAA. Scope with limited access. Consider allotment status	Site for Social Housing
17	N/A	Land at Sewell Place, Currock	Operational	0.353 0.87	Former Allotment Vacant	Primary Residential	No	L	7	Vacant Allotment. Access to overcome. Social Housing scope.	Site for Social Housing
18	N/A	Currock Bowling Green	Operational	0.46 1.13	Former Bowling Green Vacant	Primary Leisure Area	No	L	9	Vacant. Review designation. Access restricted, suited to Specialist Housing use? Or small scale open market scheme.	Site for Social Housing unless access can be provided
19	N/A	Hadrians Gardens, Brampton Road	Operational	1.14 2.8	Open space	Not designated	No	L	22	Amenity land. Outside scope. Outside Urban boundary. Planners to review in SHLAA	Site for Social Housing or Self Build or other specialist needs

LEGEND	Red	No Prospect Housing	Dark Green	Immediate Development Sites	Light Green	Short Term Sites
	Orange	Longer term Sites	Yellow	Miscellaneous Housing Sites		

EXCERPT FROM THE MINUTES OF THE RESOURCES OVERVIEW AND SCRUTINY PANEL HELD ON 28 NOVEMBER 2013

ROSP.81/13 ASSET REVIEW BUSINESS PLAN – REFRESH OF DISPOSAL PROGRAMME

The Chairman welcomed Councillor Mrs Luckley, Chairman of the Community Overview and Scrutiny Panel to the meeting for the consideration of this item.

The Property Services Manager reported (RD.47A/13) that, in discussion with Portfolio Holders, Officers had undertaken a mid-term review of the Disposal Programme, stocktaking the current position in the light of progress, changing circumstances, and the emerging priorities in the Carlisle Plan 2013-2016 to address future housing needs.

Members' attention was drawn to the Disposal Monitoring Schedule (Appendix 1) which set out the current position and work in progress for each of the original 51 assets earmarked for disposal. Also shown (for those assets where sales had been completed) were the target receipts and actual outcomes; the impact on rental income and leases; and the cost to date of realising sales.

The Property Services Manager also summarised the overall position to date in terms of disposals, acquisitions and the impact on rental income. The cost to date of realising sales including marketing, agency fees and ancillary disbursements, amounted to circa £133k which at 2% of gross receipts was within budget targets.

A significant part of the Business Plan delivery, and the re-engineering of the Council's portfolio, hinged on the release and disposal of the latent value in the Council's retail and residential assets at Morton. There was a risk that delays in the disposal of that asset would have a substantial impact on the Disposal Programme, the capital reinvestment plans and revenue position of the Council. That had been recognised and identified on the Council's Corporate Risk Register and was being carefully monitored.

Turning to the issue of Housing priorities, the Property Services Manager indicated that The Carlisle Plan 2013-16 identified the delivery of housing as a priority action for the Council going forward. A number of sites earmarked for disposal in the original Disposal Programme (10 in total) had the potential, subject to market demand and planning to deliver residential development opportunities in the short to medium and longer term. That could be through the private sector, Registered Social Landlords, a mix of both or bespoke initiatives such as self build schemes.

Additionally a recent trawl of the operational portfolio had been undertaken to identify any vacant land, or assets which may become surplus to requirements in the future, and merit consideration for inclusion in the Disposal Programme as a 2nd Phase of asset

sales, which potentially may be suitable for release as housing development land. The sift had resulted in a further 9 assets being identified for possible inclusion in the Disposal Programme, those were shown listed within the Disposal Monitoring Schedule Appendix 1 as “Phase 2”.

Bringing forward land for residential development for sale in the market place was commonly a resource intensive and time consuming exercise. Much depended upon the planning situation, whether there was a current housing allocation, the prospect if at all for a future allocation and, if that could be realised, whether the timescale was in the short, medium or longer term.

The suitability of the 19 assets in the original Disposal Programme and “Phase 2” to deliver future housing needs had been assessed through a desk top appraisal by Planning, Housing and Property Officers. Site locations for all the assets involved were shown on the Plan, attached as Appendix 2, edged in red and shaded either green, red, orange or yellow. Land shaded light pink on the Plan highlighted the relationship of those sites with other land in Council ownership.

The desktop evaluation had looked at the pertinent criteria most likely to influence the ability to deliver land for residential development including inter alia current use and occupation, planning, site conditions and constraints, end users, value and market demand, and timescales. The conclusions from the exercise had been assembled and tabled together; and were presented in Appendix 5 for comment, with a proposed recommendation in terms of disposal strategy and a pipeline delivery programme.

The Property Services Manager then outlined the Disposal Programme going forward, highlighting each of the appendices in turn.

The Executive had considered the matter on 28 October 2013 (EX.121/13 refers) and decided:

“That the Executive:

1. Noted the current position and progress with the Disposal Programme.
2. Had considered the proposed changes to the Disposal Programme, and the plans to bring forward potential housing development sites to meet the priorities of the Carlisle Plan, and address future housing needs, as set out in Report RD.47A/13, prior to passing the report to scrutiny for consideration.”

In considering the report Members raised the following comments and questions:

- A Member commented that, although he understood the financial situation and the current economic climate, he did not understand why properties which received a return of 10% had been sold and the capital received was then receiving a lower return in the bank. He reminded the Panel that Montagu Evans had recommended that the Council should not sell properties if they could not get a higher return than they were receiving.

The Property Services Manager reminded the Panel of the overall objective of the Plan to consolidate and rationalise the Council's portfolio. He agreed that some of the smaller assets had given higher returns but they had been subject to a number of small individual leases which had been relatively expensive to manage and this had not been reflected in the gross returns set out in the Montagu Evans Report.

- A Member sensed some anxiety with regard to the Morton site and asked if the district centre in Morton would be reviewed if the supermarket deal did not proceed.

The Property Services Manager explained that there had been a number of bidders for the Morton site and the Council was hopeful that there would be a capital receipt for the site. He added that the turmoil in the retail market meant that budget expectations would need to be managed accordingly.

- A Member congratulated the Property Services Manager and his team for the excellent work that had been undertaken and asked for further details on some of the potential housing development sites set out in appendix 5 of the report. She was aware that there had been problems with the sites when previous applications for development had been considered.

The Property Services Manager responded that appraisals had been carried out on all of the sites listed and the results showed that potentially all of the sites could be developed and issues resolved with some work and help from partners.

The Communities, Housing and Health Manager assured Members that the analysis had taken into account feedback from developers and partners through the Carlisle Housing Partnership. She added that there would need to be alternative thinking to progress the developments for housing especially regarding funding streams.

- A Member asked for clarity regarding the £563,000 loss of revenue which was 10.6% of the total gross receipt as set out in appendix 1 of the report.

The Property Services Manager explained that the £563,000 was the total rental loss at the end of all of the disposals which would be made up by the planned acquisitions as shown in the table on page 12 of the report.

In response to a Members question the Property Services Manager clarified the figures set out in appendix 1 of the report and reminded the Panel that the Asset Review Business Plan had to be considered in conjunction with the Local Plan especially with regard to housing development matters.

The Finance, Governance and Resources Portfolio Holder felt that the Panel were being overly negative with regard to the Asset Management Plan. He reminded that Panel of the current economic climate and highlighted the income that had already been generated by the excellent work carried out by Property Services. The liability to the Council had been reduced and the income from rentals had been increased. The

19 pieces of land which had been identified for housing purposes would create homes as well as jobs.

RESOLVED – That the Refresh of the Disposal Programme (Report RD.47A/13) be welcomed.

Report to Executive

Agenda
Item:

A.6

Meeting Date: 16 December 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD.027/13
 Within Policy and Budget Framework
 Public / Private Public

Title: REVIEW OF POLLING ARRANGEMENTS
 Report of: Director of Governance
 Report Number: GD.58/13

Purpose / Summary:

This Report presents the results of the annual review of polling arrangements and makes recommendations for changes to existing arrangements as appropriate. Responsibility for designating polling places lies with the full Council. This report is presented to the Executive for information before submission to the Council meeting on 7th January 2014

Recommendations:

(See over)

Tracking

Executive:	16 December 2013
Overview and Scrutiny:	N/A
Council:	7 January 2014

RECOMMENDATIONS:

It is recommended that:

1. That no changes be made to current polling district boundaries.
2. It is recommended that the polling arrangements in the following wards remain unchanged:

Belah	Denton Holme	Morton
Botcherby	Harraby	St Aidans
Brampton	Hayton	Stanwix Urban
Burgh	Irthing	Upperby
Currock	Longtown & Rockcliffe	Wetheral
Dalston	Lyne	Yewdale

3. The Church of the Nazarene Moorhouse Road replace Belle Vue School as the polling place for districts MA and MB (Belle Vue Ward).
4. The Church of Science and Reading Rooms on the junction of Victoria Place and Chatsworth Square be designated as the polling place for polling district JD /JF(Castle Ward) to replace the location at the Cumbria Deaf Vision premises in Compton Street which are no longer available.
5. That polling facilities for polling district PAH in Cargo (Stanwix Rural Ward) be provided by siting a portable cabin in the play area at the Old School Yard Cargo to replace the location at Four Oaks Cargo which is no longer available.
6. That officers continue to investigate the provision of polling facilities for polling district PR1 and PR2 in Cumrew and liaise with the local member on possible options for providing polling facilities. Should it no be possible to provide a suitable alternative venue for a polling station Officers be authorised to provide polling facilities by siting a portable cabin in Cumrew
7. That letters of thanks be sent to Cumbria Deaf Vision, the owners of Four Oaks Cargo and the owners of Helme Farm Cumrew for their assistance in providing a venue for polling stations over the last few years
8. Officers continue to monitor the use of portable cabins as polling stations and continue to investigate potential alternatives. It be further recommended that Officers discuss with the supplier the use of a number of self contained units and

improved units with a wider door as detailed in paragraph 23 above at a number of polling station locations where portable cabins are currently used.

9. The Returning Officer be given authority, after consultation with relevant Ward Councillors and Portfolio Holder, to change polling place locations at the European / City Council elections if the usual premises prove to be unavailable due to unforeseen circumstances.

INTRODUCTION

1. The Council has a statutory duty under the Representation of the People Act 1983 to divide its area into polling districts, to designate a polling place for each district and to keep both polling districts and polling places under review. The Directorate Plan provides for an annual polling review to be carried out and it has been the practice in previous years to review the arrangements in those wards having local elections in the following May.
2. The Electoral Administration Act 2006, placed a duty on the City Council to carry out a full review of all parliamentary polling districts and polling places in the Council's area during 2007 and every four years thereafter. The City Council carried out a further review in 2011. The Electoral Registration and Administration Act 2013 introduced a change to the timing of compulsory reviews of UK Parliamentary polling districts and polling places. That Act required that the next compulsory review had to be started and completed between 1 October 2013 and 31 January 2015 (inclusive).

Subsequent compulsory reviews must be started and completed within the period of 16 months that starts on 1 October of every fifth year after 1 October 2013.

Carrying out the Review before the publication of the revised electoral register means that any changes can be reflected in the revised register thus avoiding the potential need to publish a further revised register. Particular polling districts or places may however be reviewed at any time. As the same polling places are used at local elections, any changes arising from the review will be implemented at the earliest local, parliamentary or euro election in the ward concerned.

3. Members will be aware that the Review of the Cumbria County Council, which was carried out by the Local Government Boundary Commission for England was completed in late December 2012 and necessitated a number of changes to polling districts to reflect the change of County Council Division boundaries. These changes were implemented in time for the County Council elections held in May 2013.
4. Notice of the review of Parliamentary Polling Districts and Polling Places was published on the Council's website, in the Library and in the Civic Centre in October 2013 with a closing date for submission of representations / comments of end of October. All City Councillors have been consulted on the polling arrangements for their particular wards, County Councillors in the Carlisle area have been consulted on arrangements in their Divisions, the two local M.P's, Parish Councils and persons appointed as Election Agents in recent elections have also been consulted. The views of the Carlisle Access Group were also sought on polling arrangements.

5. The Council has a duty to consult the Returning Officer of every parliamentary constituency in the Council's area on the arrangements. The Returning Officer for the Penrith and the Border constituency, which currently includes all rural wards except Burgh, Dalston and Wetheral, commented that he had not had occasion to visit either personally or through any member of staff the polling places within the City of Carlisle which fall within the Penrith and Border Constituency since the last election. He had no particular representations to make in relation to the review and had no suggested alternatives to the polling places which were identified. The Returning Officer noted that the facilities were community facilities which were close to distinct settlements and was satisfied that staff from Carlisle would inspect the premises to ensure that they remained suitable and accessible. (Copy letter attached as Appendix 2)
6. The current polling places and electorate are listed in Appendix 1 and these locations have been reviewed in the light of any representations and comments received.

STATUTORY PROVISIONS

- 7 In exercising its duty to keep polling districts and places under review, the 1983 Act requires Councils to seek to ensure that all electors have "such reasonable facilities for voting as are practicable in the circumstances ". Each parish should be a separate polling district. 'Polling place' is not defined in the Act but it refers to the building or area in which the polling station is situated.

ACCESS FOR DISABLED VOTERS

8. The Act also says that a Council must "seek to ensure that so far as is reasonable and practicable every polling place is accessible to electors who are disabled". The effect of this requirement is that a building should not be designated as a polling place if the only means of access to any polling station situated in it would be by means of steps, when another more suitable building is available in the polling district. However, a building would not be a more suitable polling place if it is so far away from most of the electors in the area as to be inconvenient for them to reach it.
9. Under the Disability Discrimination Act 1995 it is unlawful for a service provider to discriminate against a disabled person. Discrimination includes refusing to provide any service to disabled people that it provides to non-disabled members of the public or providing a worse standard of service to disabled people than it provides to non-disabled people. Service providers have had to change practices, policies and procedures that make it impossible or unreasonably difficult for disabled people to use a service. Since October 2004 service providers have had to make reasonable adjustments to their buildings to overcome physical barriers to access.
10. With the exception of portable cabins, the majority of polling places are accessible to disabled voters and where there have been particular difficulties, temporary access ramps have been installed. Polling compartments specifically designed for voters in wheelchairs have also been provided. In addition, any disabled voter is entitled to assistance from the Presiding Officer or may be helped by a companion. Large

versions of ballot papers are displayed in every polling station and devices are provided to assist blind or partially sighted voters to cast their own vote. Voters may also elect to cast their vote by post if they feel that this would be more convenient than attending a polling station.

11. The Access Group at their meeting in November discussed the Review of Polling Arrangements. The Group agreed that representatives of the group would visit the polling stations which are being used for the first time to check their suitability for use by disabled voters. It is hoped that this arrangement can be built upon to assess buildings which are used as polling stations for the first time in the future.

FREE USE OF ROOMS

12. In addition to free use of school premises, described in paragraph 27 below, any room the expense of which is payable out of any rate may also be used free of charge. This would apply to a room in a local authority building e.g. a Community Centre.

DUTIES OF RETURNING OFFICER

13. It is the responsibility of the Returning Officer to provide sufficient polling stations within each polling place and to allocate electors to the stations as he thinks most convenient. One or more polling stations may be provided in the same room. The Returning Officer also has a duty to appoint the polling staff and provide the necessary equipment.

REVIEW CRITERIA

14. Apart from the requirements outlined above, there are no specific statutory criteria for determining the suitability of premises for election purposes although the Electoral Commission did issue directions in relation to the arrangements for the Referendum carried out in May 2011 that there should be no more than 2500 electors allocated to any polling station.
15. The following factors have also been taken into account at previous reviews:
 - ◆ the convenience of the location within the polling district for the majority of electors including potential barriers such as major roads, rivers and railway lines.
 - ◆ extent of parking provision
 - ◆ internal size and layout of the premises having regard to the number of voters allotted to the polling station(s)
 - ◆ lighting and heating
 - ◆ proximity to public transport
 - ◆ cost (where there is a choice between similar premises)

16. The suitability of polling places are considered according to these criteria and taking into account the availability of alternative premises. An electorate of about 1000 - 1250 has previously been considered to be a manageable number per polling station at a parliamentary election but the number of voters to be allocated to any particular polling place will have regard to the distribution and density of households within the Ward concerned. Whilst the continuing rise in the number of electors voting by post means that the total number of electors allocated to individual polling stations could be increased because a decreasing proportion are voting in person it is considered that the Council should be wary of potential problems which might arise.
17. Members will recall the coverage in the National Media of the elections held on 6 May 2010 relating to problems with voting at polling stations in some areas of the country. The problems related to queues forming at stations and voters being unable to vote before the close of poll at 10pm. The size of the electorate assigned to individual polling stations and the number of staff allocated to stations were cited as contributory factors to the problems which arose. (In some of the polling stations where problems occurred the electorate entitled to vote at those stations was in excess of 4000 voters.)
18. In the Carlisle area the stations at Yewdale Community Centre, Stanwix Community Centre, Belle Vue Primary School (recommended to move to Church of Nazarene), Moot Hall Brampton and Longtown Community Centre have the most electors allocated. These stations have approximately 2300 voters allocated. All the above are double polling stations with 2 teams of staff on duty at the stations. Whilst there have not been any incidents in Carlisle of voters queuing and being unable to cast their votes at 10pm, it is considered prudent to maintain the current split for the allocation of electors to polling stations in the Carlisle area. Officers will continue to study any reports that are produced relating to issues arising nationally from previous elections and will take on board any recommendations or suggestions for improvement.

MOBILE POLLING STATIONS

19. As previously mentioned it is not possible in every polling area to locate a polling station in a permanent building. Where no suitable permanent buildings are available, mobile stations are used instead. Portable cabins, however, are much less satisfactory than permanent premises due to space limitations and lack of facilities. They are also difficult to staff and equip. Units are hired from a commercial supplier and guarantee of delivery is an important consideration, particularly in the event of an election being called at short notice. General concerns regarding the use of mobile stations have been raised in previous reviews by members of the Council however with the assistance of Members and officers it has been possible to identify alternative venues to host polling stations in place of some of the locations where mobile stations were previously used in particular at Etterby and albeit on a temporary basis at Richardson Street. The current recommendations do however include using additional portable cabins to replace locations that are no longer available.
20. The Council's Access Officer has in previous years been consulted on the use of portable cabins and has recommended that a portable ramp should be provided

with each cabin so that if ramped access is required it can be facilitated and, secondly, that consideration should also be given to the siting of the portable cabin so that where possible the gradient of any ramp used can be managed.

21. Discussions are continuing with the supplier of the portable cabins with regard to concerns over the accessibility of, and the facilities in, the cabins and their location / siting, with a view to providing level access portable cabins wherever this is possible.
22. The supplier has been able to supply a limited number of units that incorporate a 1000mm door, disabled access, toilet and solar powered electricity in recent elections. The supplier has further indicated that he has commenced a programme of fitting disabled access doors i.e. 1000mm wide to any office units purchased in future which will also be able to be supplied with disabled ramps. It should, however, be noted that because of site conditions, gradients and space that the above units would not be suitable for all locations where portable cabins are currently used as polling stations.
23. Officers have as part of this review investigated possible alternatives to portable cabins used as polling stations and, whilst it has not been possible in this review to recommend changes in respect of sites where portable cabins are currently used, Officers will continue to investigate potential alternatives.
24. As an outcome of this review it is recommended that Officers continue to monitor the use of portable cabins as polling stations and further investigate potential alternatives. It is further recommended that Officers discuss with the supplier the use of self contained units as detailed in paragraph 22 above at a number of polling station locations where portable cabins are currently used.

USE OF HOUSES

25. Following an earlier review, the Council agreed that no existing polling place should be replaced with a portable cabin unless the premises concerned become unavailable and there is no suitable alternative. It was also agreed that, where appropriate, private houses and vacant Council property be used as alternatives to mobile stations, on the following basis:
 - ◆ The property is in a convenient location for the majority of electors in the polling district concerned;
 - ◆ There is sufficient time for due notice of the change in station to be given to electors and candidates;
 - ◆ Signs are erected to show the changed location;
 - ◆ The condition of the property is satisfactory.

26. Empty Council houses were used at previous elections in a number of wards and this practice continued following the transfer of the housing stock to Carlisle Housing Association, although they were under no statutory obligation to make their properties available. Riverside have confirmed at the previous review that they would no longer be able to let their properties be used for election purposes due to the need to minimise the length of time properties are vacant between lettings. No further investigation of this option has therefore been carried on this option as part of this review

USE OF SCHOOLS

27. The 1983 Act also provides for the use, free of charge, for the purpose of taking the poll or the counting of the votes, of "a room in a school maintained or assisted by a local education authority or a school in respect of which grants are made out of moneys provided by Parliament", subject to making good any damage and defraying any expenses. These provisions also apply to grant maintained schools. There is no requirement that a school must close when part of it is being used as a polling station, but some do so because of practical difficulties in staying open or on security grounds.
28. Closure for elections, however, can be disruptive to the school timetable and inconvenient for working parents. In response to requests from school governing bodies and representations from the Local Education Authority, the number of schools used as polling places has been reduced in recent years and should members agree the recommendations only nine schools in the Council's area will be used as polling venues.

REVIEW OF POLLING PLACES AND POLLING DISTRICTS

29. As part of the current review Officers have taken the opportunity to look ahead at the possible impact of future residential developments on polling districts and polling district boundaries.
30. Planning Services have provided details of outstanding planning permissions for residential developments within the City Council's area and outline permissions. There are a number of potential developments in the City with outstanding or outline permissions for circa 50 properties and above as set out below. In forecasting the potential impacts of developments on electoral numbers the usual formula used is 1.8 electors per unit. Using that formula to forecast the impact of major developments within the City on current electoral registers for that area gives the following position.
- Castle (JA currently 912 on roll) – Development at former Ambulance Station Infirmary Street (60 Units, potentially 108 additional electors)
 - Denton Holme (HB currently 910 on roll) Development at Denton Business Park (43 units Potentially 77 additional electors)

- (HC currently 1028 on roll) - Development at Westmorland Street former Penguin Factory (37 Units potentially 67 additional electors) Development at Key systems Norfolk street (52 units potentially 93 additional electors) Development land at Rome Street / Bousteads Grassing (48 units potentially 86 additional electors).
- (HD currently 817 on roll) – Outline permission United Utilities Depot Nelson Street (103 Units, potentially 180 additional electors)
- Harraby (EA currently 1195 on roll) –former Dairy Harraby Green Business Park (61 Units potentially 110 additional electors)
- St. Aidans (CD,CG currently 1658 on roll) - Watts Storage Depot (100 units potentially 180 additional electors)
- Stanwix Urban (BD currently 1082 on roll) – St Augustines / Waverley Gardens (42 units potentially 75 additional electors)
- Yewdale (LE currently 436 on roll) – Grounds of Suttle House (41 Units potentially 74 additional electors)
- Morton / Dalston (The majority of Units will be in the Cummersdale District of the Dalston Ward OC currently 379 on roll) – Outline permission for Development on land at South Morton bounded by Wigton Road (825 Units potentially 1480 additional electors) Development at Garden Village (253 Units potentially 450 electors) Development at Peter Lane / Dalston Road (103 Units potentially 185 additional electors)
- Morton Westrigg / Wigton Road (48 Units potentially 86 additional electors)

Dalston OA Townhead Road / Station Road (currently 1759 on roll) - (121 Units potentially 218 additional electors) OF Racecourse Durdar Road (Currently 475 on roll) (42 units potentially 75 additional electors)

- Longtown (PE2 currently 866 on roll) – Former Sawmill site Netherby Road Longtown (48 Units potentially 86 additional electors)
- Stanwix Rural (PAG1 currently 114 on roll) Development at Crindledyke (836 Units potentially 1504 additional electors) Hadrians Camp (PAU1 currently 1298 on roll) (additional 96 units potentially 172 additional electors)

Wetheral (RC currently 1133 on roll) Development at Scotby Green Steading (45 units potentially 81 additional electors) (RG currently 150 on roll) Development at land adjacent to Alexandra Drive (49 units potentially 90 additional electors)

31 As indicated earlier in the report, the range which the Council have accepted in the past as a manageable number of electors per register, is 1000 – 1250, although this

number is considerably less than the number indicated in the Electoral Commission Directions for elections and referendums.

32. The figures above indicate that if the developments set out above are fully built then some realignment of the register for Dalston (Districts OA and OC), Denton Holme (District HC), Harraby (District EA), St. Aidans (District CD) and Stanwix Rural (Districts PAG1 and PAU1). However, as the timescales for the above developments are not clear at present, it is suggested that the position be noted at the present time and that no changes are made to polling district boundaries.
33. No representations have been received during this review with regard to polling district boundaries in the City Council area and, whilst noting the position on the potential impact of future developments as set out above, it is considered that the polling district boundaries currently in place are an acceptable arrangement. In the light of this it is recommended that no changes be made to current polling district boundaries at this time.
34. The large majority of polling places are satisfactory and have remained unchanged for many years. Choice of suitable buildings is limited and in most cases there is no alternative to the present arrangements. Change is therefore only considered where the current premises are no longer available or satisfactory, or representations have been received in respect of particular buildings.
35. In the absence of representations in respect of any of the following wards, it is recommended that the polling arrangements in the following wards remain unchanged:

Belah	Denton Holme	Morton
Botcherby	Harraby	St Aidans
Brampton	Hayton	Stanwix Urban
Burgh	Irthing	Upperby
Currock	Longtown & Rockcliffe	Wetheral
Dalston	Lyne	Yewdale

Suggested changes in Belle Vue, Castle, Great Corby and Geltsdale and Stanwix Rural Wards are discussed below

BELLE VUE WARD

- 36 Belle Vue Primary School is the designated polling place for over 2200 electors in districts MA and MB. As part of previous reviews, representations had been made on behalf of the governors, that the school should no longer be used for election purposes because such use would necessitate the closure of the whole school on polling days, to the detriment of the education of nearly 400 pupils. Prior to the

election in 2011, discussions were held with the Headteacher of Belle Vue School with regard to arrangements for election day. The Headteacher was able to put in place arrangements for the election to be held in the school hall with access for voters direct from the car park, meaning that the election could be held without the need to close the school for the day. For the Police and Crime Commissioner election in November 2012 the School requested that an alternative venue be found to avoid further disruption to the pupils schooling. For the Police and Crime Commissioner election arrangements were made to locate the polling station in the Church of the Nazarene building on Moorhouse Road on the understanding that the location would revert to Belle Vue School for future elections. However following the County Council election in May this year a further letter was received from the School detailing complaints with events that occurred on polling day and the following day and requesting that the school be no longer used as a polling station location. (copy letter and replies attached as Appendix ..3.

37. The Church of the Nazarene has indicated that they would be agreeable to the main hall being used as a polling station and in view of the objections lodged by Belle Vue School and the arrangements put in place with the Church of the Nazarene, it is recommended that the Church of the Nazarene building on Moorhouse Road be designated as the polling place for districts MA and MB. As a replacement for the Belle Vue Primary School

CASTLE WARD

38. The Cumbria Deaf Vision premises on Compton Street, Carlisle has been the designated polling place for approximately 830 electors in polling district JD /JF. Cumbria Deaf Vision have informed the Council that they are looking to relocate their premises and Compton Street will therefore be unavailable for use as a polling station in the future. Officers have investigated a number of possible locations for a polling station within the area covered by the polling district including Carlisle College, Trinity School, Church of Scotland and the former Fire Station premises in Warwick Street. Local Ward members felt that the fire Station premises were a little remote from the areas within the polling district where the majority of voters lived and suggested that the Church of Science and Reading Rooms located on the corner of Victoria Place and Chatsworth Square might be a more convenient location for a polling station. Officers have checked the availability of the Church of Science and Reading Rooms premises for the election in May 2014 and subject to agreement being received from the Church to the use of the premises as a polling station
39. It is recommended, that the Church of Science and Reading Rooms on the junction of Victoria Place and Chatsworth Square be designated as the polling place for polling district JD /JF and a letter of thanks be sent to the Cumbria Deaf Vision for their assistance in providing a location for a polling station over recent years.

STANWIX RURAL WARD

40. The Four Oaks at Cargo is the designated polling station for approximately 440 voters in polling district PAH. The owner of the Four Oaks has informed the Council that the premises have been sold and it is understood that there could be some

redevelopment of the property and it would no longer be available for use as a polling station. Following discussions with the Parish Clerk and some members of the Parish Council investigations have been made into the possible use of different venues in Cargo as a polling station. It has not been possible to identify a suitable alternative venue in Cargo and following further discussions with local ward Councillors and representatives of the Parish Council it is felt that the option of providing polling facilities by use of a portable cabin as a polling station would be the most suitable solution. It is suggested that the portable cabin should be sited in the play area in the Old School Yard.

41. It is recommended that polling facilities for polling district PAH in Cargo be provided by siting a portable cabin in the play area at the Old School Yard Cargo.

GREAT CORBY & GELTSDALE WARD

- 42 Helme Farm at Cumrew is the designated polling station for approximately 110 voters in polling districts PR1 and PR2. The owner of Helme Farm has informed the Council that the premises are to be sold and would therefore be no longer available for use as a polling station. Following discussions with the owner of Helme Farm, the Parish Clerk and the local Ward Member investigations are being made into the possible use of different venues in Cumrew as a polling station. Officers will continue with these investigations and liaise with the Ward member with a view to providing alternative arrangements for providing polling facilities in Cumrew. Should it not be possible to provide a suitable alternative venue the option of providing a mobile polling station will be pursued but only if no other options are available.
43. It is recommended that officers continue to investigate the provision of polling facilities for polling district PR1 and PR2 in Cumrew and liaise with the local member on possible options for providing polling facilities. Should it no be possible to provide a suitable alternative venue for a polling station Officers be authorised to provide polling facilities by siting a portable cabin in Cumrew.

OTHER POLLING PLACES

44. The usual booking requests will be sent early in the New Year in respect of polling stations to be used at the Joint Euro / City Council elections in May 2014, therefore confirmation of availability has not been received for the premises set out in appendix 1.
45. In order to ensure that polling stations are provided for all electors It is recommended that the Returning Officer be given authority, after consultation with relevant Ward Councillors and Portfolio Holder, to change polling place locations at the European / City Council elections if the usual premises prove to be unavailable due to unforeseen circumstances.

CONSULTATION

As set out in paragraphs 4, 5 and 11 the review has been the subject of consultations with M.P's, Councillors, Parish Councils, Election Agents, Returning Officer for Penrith and the Borders Constituency and Carlisle Access Group

CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Review has identified a number of locations for polling stations that will not be available for use in future years and the City Council are recommended to agree alternative locations for polling stations in those polling districts.

CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

A properly run and administered election system enables a properly constituted body of elected Members to deliver the Carlisle Plan.

Contact Officer: Ian Dixon

Ext: 7555

**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 Representation of the People Act 1983, the Electoral Administration Act 2006 and the Disability Discrimination Act 1995 and the various Acts' impact are all referred to and explained within the body of the report.

Local Environment – None

Resources - Any financial implications following the Review of Polling Arrangements can be met from existing base budgets.

Polling Places – Urban Wards

APPENDIX 1

WARD	POLLING PLACE	POLLING DISTRICT	ELECTORATE (Sept 2013)
Belah	Kingmoor Junior School	AA;AF,AB	2063
	Belah Community Centre	AC,AH	793
	1 Etterby Close	AD	1155
	Portable cabin, east side Kingstown Rd	AE, AG	964
Stanwix Urban	Portable cabin, Knowefield Avenue	BA;	1197
	Stanwix Community Centre	BB; BC; BE	2304
	St. Augustine's Parish Centre	BD	1082
St. Aidans	Portable cabin, east side Kingstown Rd	BF	163
	St. Aidan's Church Hall	CA, CF	1732
	Greystone Community Centre	CB, CE	772
	St. Cuthbert's Court, Myddleton St.	CC,CH	503
Botcherby	Greystone Community Centre	CD, CG	1658
	Botcherby Community Centre	DA	1467
	Botcherby Family Centre	DB	774
	Portable cabin, Cumrew Close	DC	792
Harraby	Harraby Community Centre	DD; DE	1703
	The Pinegrove Hotel, London Road	EA	1195
	Inglewood Infant School	EB	1283
	Harraby Catholic Club	EC, EF	1125
	Portable cabin, Cumwhinton Road	ED, EG	1234
Upperby	Creighton Rugby Club	EE	280
	St. Margaret Mary's Social Club	FA	904
	CDC Building adj. Upperby School	FB	816
	St. John's Ambulance, Scalegate Rd.	FC	1015
Currock	Petteril Bank Community Centre	FD; FE	1379
	Currock Community Centre	GA, GG	1065
	Bishop Harvey Goodwin School	GB, GE, GF	1475
	Currock Community Centre	GC	965
	St. Herbert's Church Hall	GD	1135
Denton Holme	Methodist Church Hall, Wigton Road	HA	348
	Denton Holme Community Centre	HB; HC	1938
	St. James Parish Centre	HD	817
	Portable cabin, Longsowerby	HE	1231
Castle	Portable cabin, Lorne Crescent	HF	474
	Newtown School	JA	943
	West End Temp Hall Hawick Street	JB	807
	Methodist Church Hall, Wigton Road	JC, JK	1374
	Deaf Vision 3 Compton Street	JD, JF	833
Morton	St. Cuthbert's Court, Myddleton St.	JE, JG, JH	552
	St. Luke's Church Hall	KA; KB	2104
	Portable cabin Border Terrier car park.	KC	1431
	Portable cabin, Borrowdale Road	KD, KF	733
	Portable cabin, Scawfell Road	KE	588
Yewdale	Yewdale Community Centre	LA; LB	2340

	Portable cabin, Richmond Green	LC	1187
	Portable cabin, Nairn Way	LD	927
	Richard Rose Morton Academy	LE	436
Belle Vue	Belle Vue Primary School	MA; MB	2244
	Newtown School	MC	1342
	St. Bedes School	MD, MF, MG	693
	Portable cabin, Hawthorn Grove	ME, MH	694

Polling Places – Rural Wards

Ward	Polling Place	Polling District	Electorate (Sept 2013)
Brampton	Moot Hall, Brampton (split 2 stations)	PK	2306
	Brampton Community Centre	PKA	1235
	Milton Village Hall	PL	120
Burgh	Beaumont Parish Hall	NA	364
	Village Hall, Burgh-by-Sands	NB	638
	Thurstonfield Methodist Chapel	NC	362
Dalston	Village Hall, Great Orton	ND	351
	Victory Hall, Dalston	OA	1759
	Primrose Hall, Gaitsgill	OB	317
	Embassy Ballroom, Cummersdale	OC	379
	Portable cabin, Carleton	OD	225
	Wreay Village Hall	OE	333
	6 Low Moor Avenue, Blackwell	OF	475
	Portable cabin, Black Lion, Durdar	OG	325
Great Corby and Geltsdale	Creighton Rugby Club	OH	1028
	Watson Hall, Castle Carrock	PP1	280
	Helme Farm, Cumrew	PR1; PR2	109
	Cumwhitton Public Hall	PS	261
	Heads Nook Village Hall	PAB2	273
	Talkin Village Hall	PAC	138
	Great Corby Village Hall	PBB	371
	Downagate Community Centre	PBC	352
	Reading Room, Hayton	PAA	573
	Heads Nook Village Hall	PAB1	319
Irthing	Methodist Church Hall, Corby Hill	PAD	772
	Lees Hill School	PG1; PG2	182
	Roadhead Public Hall	PH2	39
	Cricket Pavilion, Lanercost	PO1; PO2	167
	Taylor Institute, Low Row	PW	263
	Methodist Church Hall, Gilsland	PX1; PX2; PX3	184
	Lacy Thompson Hall, Hallbankgate	PY1; PY2	552
	Walton Village Hall	PAX	233
Longtown and Rockcliffe	Longtown Community Centre(2 Stations)	PE1- PE4	2257
	Moat Village Centre	PF1; PF2	170
	Former Conservatory Centre, Harker	PAG2	214
	Rockcliffe Community Centre	PAM	433
	Blackford School	PAY	320

Lyne	Roadhead Public Hall	PH1	340
	Hethersgill Parish Hall	PAE	324
	Fir Ends School, Smithfield	PAJ	291
	Nicholforest Hall	PAK	329
	Westfield House, Roweltown	PAS	132
	Stapleton Public Hall	PAW	203
Stanwix	Public Hall, Newtown, Irthington	PAF	580
Rural	Former Conservatory Centre, Harker	PAG1; PAG3	146
	The Four Oaks, Cargo	PAH	439
	Scaleby Village Hall	PAR	301
	Crosby Parish Hall	PAT1; PAT2	424
	Houghton Village Hall	PAU1; PAU2	1401
	Women's Institute Hall, Linstock	PAV	313
	Portable cabin, east side Kingstown Rd	PBK	147
Wetheral	Cotehill Village Hall	RA	506
	Cumwhinton Village Hall	RB	359
	Parish Centre, Scotby	RC	1133
	Memorial Hall, Warwick-on-Eden	RD	194
	Wetheral Village Hall	RE	1048
	Portable cabin, Aglionby	RF	237
	Portable cabin, Cumrew Close	RG	150
	Creighton Rugby Club	RH	201

Your Reference:
Our Reference: PF/KE
Enquiries to: Paul Foote
Direct Dial: (01768) 212205
Email: paul.foote@eden.gov.uk
Date: 1 November 2013

The logo for Eden District Council features the word "Eden" in a large, elegant serif font. A stylized, wavy line representing a river or stream flows through the letter 'E' and extends to the left.

District Council

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By email land@carlisle.gov.uk

I Dixon
Electoral Services Officer
Carlisle City Council
Governance Directorate
Civic Centre
Carlisle
CA3 8QG

Dear Mr Dixon

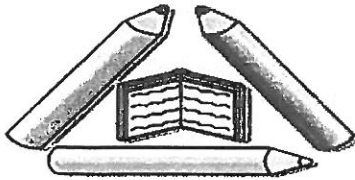
Review of Polling Districts and Polling Places

Thank you for your letter of 4 October 2013. I have not had occasion to visit either personally or through any member of my staff the polling places within the city of Carlisle which fall within the Penrith and Border Constituency since the last election. I have no particular representations to make in relation to your view. I have no suggested alternatives to the polling places which you identify. I do note that they are community facilities which are close to distinct settlements and no doubt you will inspect the premises to ensure that they remain suitable and accessible.

Yours sincerely

A handwritten signature in black ink that reads "Paul G. Foote". The signature is written in a cursive style.

P G Foote



Belle Vue Primary School

Beaver Road, Carlisle, Cumbria, CA2 7PT

Telephone: 01228 593161 Fax 01228 592623

Email: admin@bellevue.cumbria.sch.uk

Website: www.bellevue.cumbria.sch.uk

Headteacher: Mr Peter Ovens

Deputy Headteacher: Mr Raymond Gordon, Mrs Catherine Bellas

10th May 2013

Mr David Mitchell
Democratic Services Manager
Legal and Democratic Services
The Lonsdale Building
The Courts
Carlisle
CA3 8NA



Dear Mr Mitchell

Re Use of School for Polling Station

Our school has been 'requested' to be used as a Polling Station annually for many years and every year the school has objected due to the disruption it causes. Once again this year the request was made, though we are not really being 'asked' but 'told' that the school will be used for the Elections.

The school has remained open while voting takes place due to the proximity of the school SATs tests and a risk assessment is put in place to ensure risks are kept to a minimum while numerous strangers visit the site. As the Key Stage 1 hall is normally used, school has to make alternative arrangements for lunches to be eaten in class, which involves increased co-ordination with our kitchen and administration team and our Out of School provision has to be relocated. We do not have any other suitable venue in the building for the election to take place.

During the afternoon on the Election Day an elderly able bodied gentleman (no disabled sticker) parked in our school car park, which has very little spare space, and was witnessed by another member of the public crashing one of our staff cars. He did not report the incident and had to be asked if he had bumped the car, which he then admitted to. The usual exchange of insurance details etc then took place. It is fortunate that no-one in the area was injured during the collision. Our member of staff has been greatly inconvenienced by this as she was expecting to exchange her car for a new vehicle that evening, which has now been delayed due to the damage incurred.

The matter was reported to Ian Dixon, Electoral Services Officer, Civic Centre, who responded only to give advice regarding the exchange of insurance etc, which we knew. He was not very concerned that the damage or dangerous occurrence had taken place.

A second incident occurred on Monday 6th May at 8.55am. A delivery van entered the school car park to collect the polling booths (the gate is closed to ALL vehicles from 8.35am – 9.50am while children and parents are walking onto school site). A parent indicated for the driver to slow down on the slip road and it was reported that he laughed at her and carried on. This is not acceptable conduct.

Once again we would like to raise our objections to the school being used as a Polling Station and request that alternative arrangements should be made for future Elections. The Church of the Nazarene was used for the Police Commissioner Elections in November 2012; therefore we do not understand why this cannot take place for all Elections or alternatively to locate a Portakabin in the area which takes place in other areas of the City.

We request that you give consideration to our proposal which is being made one year in advance of the next Election Day.

Thank you for your co-operation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Ovens', with a long horizontal line extending to the right.

Mr Peter Ovens
Headteacher

Copy to:

Caroline Sutton, Assistant Director of Children's Services, Cumbria County Council

Mr P Ovens
Headteacher
Belle Vue Primary School
Beaver Road
Carlisle
CA2 7PT

Your reference:
Our reference: dm/lg

Dear Mr Ovens

Use of Belle Vue Primary School as a Polling Station

Thank you for your letter of 10th May regarding the use of Belle Vue School as a polling station.

Responsibility for designating the places to be used for election purposes lies with District Councils. Polling places in Carlisle are therefore determined by Carlisle City Council, having regard to the location, facilities and accessibility of available premises. Although suggested alternatives to the school have been investigated, none have been considered to be as convenient as the school or provide the same level of facilities required to accommodate the two polling stations necessary to serve this part of Belle Vue.

I understand that the City Council undertakes an annual review of polling stations and will therefore be looking again at polling arrangements in the City in advance of next year's elections. Accordingly, I have forwarded your letter to Ian Dixon, Electoral Services Manager at the Civic Centre and asked him to take account of your representations when reviewing polling stations in the Belle Vue Ward.

Next year there are two scheduled elections in the Spring – local elections on 1st May and the European Parliamentary election in late May or early June. The favoured date for the European election, to be confirmed by the European Parliament, is 22nd May and the government is currently consulting on moving the date of the local elections to coincide with the European election. It therefore seems likely that both elections will take place on Thursday 22nd May, being two days before the half term week. If the school were still required as a polling station, this date would presumably be after the SATs tests.

As mentioned in my letter of 26th February, if the school is used on election day, the decision to close is a matter for the school. Given the unfortunate incident this year, if the school is required, it may be worthwhile considering at least partial closure thus freeing up parking space for electors attending the polling station and allowing segregation between staff and public parking.

The van driver involved in the second incident would be collecting booths on behalf of Carlisle City so I have asked Ian Dixon to look into the matter and respond to your complaint.

Yours sincerely,

David Mitchell
Democratic Services Manager – Elections
on behalf of the County Returning Officer

Returning Officer

Dr Jason Gooding

Civic Centre Carlisle CA3 8QG • Telephone (01228) 817000 Fax (01228) 817048

Document Exchange DX 63037 Carlisle • Type talk please ring 0800 95 95 98

Mr. P. Ovens
Headteacher
Belle Vue Primary School
Beaver Road
Carlisle
CA2 7PT

This matter is being dealt with by

Mr. Dixon

Direct line 01228 817555

E-Mail <mailto:Iand@carlisle.gov.uk>

Your Ref.

Our Ref. Elections 2013

05 June 2013

Dear Mr. Ovens,

Cumbria County Council Elections May 2013

I refer to your letter of 10th May to the County Returning Officer a copy of which has been forwarded to me to respond to various comments made therein.

I am sorry that you have had the need to write with regard to matters relating to the use of Belle Vue School as a polling station in the recent County Council elections.

I note that there is an amount of disruption to the day to day working of the school caused by its use as a polling station and that this necessitates a number of measures being put in place to enable the key stage 1 hall to be used. The help that the school has given over the years is greatly appreciated not least because it is a building in a prime location in the Belle Vue Ward with such good facilities for this community use.

With regard to the crash between an electors car and a car belonging to a member of your staff I can once again only apologise that this happened and for the inconvenience that it has obviously caused for your member of staff. As you are aware the poll cards that were sent to each elector voting at Belle Vue School included a note to say that entry to the school was restricted during school opening/ closing times. I believe that rather than a member of the public it was one of the polling staff on duty at the School who drew attention to this incident and ensured that it was reported to a member of your staff. Whilst this does not change the fact that this regrettable incident took place it does indicate a more proactive attitude to both addressing the risk and dealing with the incident than given in your letter.

With regard to the second incident mentioned in your letter I have spoken to the gentleman who was collecting the polling booths on Monday 6th May who has informed me that he collected the polling station notice boards from the school gates on Beaver Road and then drove onto the school site. There was a lady and child walking along the middle of the access road so he drove behind them until he stopped his van. He then spoke to a colleague who works in the Civic Centre and whose child attends Belle Vue School. They shared a joke and laughed but this was not related to any other person at the

school. It is again regretted that the driver was accessing the school when children are entering the school site but in previous years we have been asked to remove polling booths prior to the start of a school day.

As mentioned in the reply sent on behalf of the County Returning Officer the City Council does undertake an annual review of polling stations later in the year as part of the preparations for the 2014 elections and I will ensure that your letter is submitted and considered as part of that review. It will however be a matter for the City Council to determine the polling places having taken into account the location, facilities and accessibility of available premises. Once the City Council have considered the review I will be in contact with you again to inform you of their decision. I note also that the County Returning Officer has advised you of the likely date of the election in 2014 although this is as yet still subject to confirmation

Please find enclosed a cheque for **£80.00** in respect of the use of the Belle Vue School as a polling station on 2nd May 2013:

I would be grateful if you would either supply your own receipt or alternatively sign the enclosed receipt and return it to me in the envelope provided. (This is to meet accounting requirements in connection with the staging of the Election.)

I will be in touch with you again once the City Council have considered the Review of Polling but in the meantime I am sorry for the problems caused at your school on polling day and would thank you once again for your help in delivering the election.

Yours faithfully,

Ian Dixon
Electoral Services Office

Report to Executive

Agenda
Item:

A.7

Meeting Date: 16 December 2013
Portfolio: Communities and Housing
Key Decision: No
Within Policy and Budget Framework: YES
Public / Private: Public

Title: PRIVATE SECTOR HOUSING ENFORCEMENT
Report of: DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number: ED 42/13

Recommendations:

That Members of the Executive:

1. Approve the draft Enforcement Policy for Private Sector Housing comprising appendix one of this report.

Tracking

Executive:	16 December 2013
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1. BACKGROUND

- 1.1 In 2011 Carlisle City Council commissioned a Private Sector Housing Stock Condition survey. The results of that survey in 2012 revealed that 86% of the districts housing stock was in the private sector, with 14.5% of the total stock owned and managed by private sector landlords. This was up from 9.7% in the 2001 census.
- 1.2 In the district there is estimated to be a total of 7160 private rented dwellings, with around 21% of these properties containing a Category 1 hazard under the Housing Health and Safety Rating System and 34.3% classed as non Decent under the Decent Homes Standard revised 2006
- 1.3 The Housing Act 2004 introduced the Housing Health and Safety Rating System (HHSRS) as a statutory system for assessing housing conditions in England and Wales. The system places a duty on the Council to take statutory action where any Category 1 hazard is identified in a property.
- 1.4 The Government is actively encouraging Local Authorities to look more to the private rented sector to fulfil their housing obligations, and meeting Carlisle's housing needs is a key priority within the Carlisle Plan. The 2011 Housing Need and Demand Survey noted that part of the gap between the likely future need for affordable housing and future supply is likely to be met by the Private Rented Sector. The study also noted that in 2009 and 2010, the Private Rented Sector housed 463 households in housing need per annum, supported by Local Housing Allowance (LHA). As this pattern looks set to continue, there is a clear role for the Council to engage private sector landlords and institutions to ensure that the standard of housing meets legal obligations and the supply continues to be available to meet housing need.
- 1.5 Against the backdrop of the growth in the private rented sector and the private sector house condition survey a significant change of programme is underway in Economic Development. The key elements of the change in programme comprise:
 - The development of a private sector enforcement policy and related amenity standards for Houses in Multiple Occupation (appendix one).
 - A comprehensive staff training programme within the Private Sector Housing team.

- The development of a targeted proactive engagement and inspection programme of private sector landlords.
- The installation of a database to support a proactive engagement and inspection regime.
- Fit for purpose procedures and policies.
- A review of the existing landlord accreditation scheme.

2. THE PRIVATE SECTOR HOUSING ENFORCEMENT TEAM

- 1.1 The Private Sector Housing Team delivers a range of statutory and non-statutory services in a range of property types and tenures across Carlisle.
- 1.2 Mandatory licensing applies to HMOs of three or more storeys, with five or more occupiers forming two or more households. Social housing and HMO's owned by the Police, Health Service, Universities and some other listed Health organisations are exempt, as are buildings converted into self-contained flats. There are around 100 HMOs which are currently licensed with the authority.
- 2.3 Approximately 500 known HMOs fall outside the Mandatory Licensing Scheme. These are often two storey properties or self contained flats converted before 1991; many of these properties are occupied by single person households such as students, professionals and overseas residents.
- 2.4 Since 2009 the Council has operated a Landlord Accreditation Scheme, with the Council working in close partnership with landlords, local landlord associations and private rented sector stakeholders. The aim of the Scheme is to promote good standards and management practice by landlords and to assist both landlords and tenants to undertake their respective responsibilities. There are currently 132 landlords participating in the Accreditation Scheme, covering just over 500 properties. Landlords of both licensed and unlicensed HMOs participate in the Accreditation Scheme as do landlords of single privately rented properties.
- 2.5 The experience gained in operating a Landlord Accreditation Scheme since 2009 has shown that its administration is resource intensive and the scheme is only fit for purpose if the information it contains is up to date and the scheme code of standards is being correctly policed by the authority. As it is the landlord that is accredited and not the property, changes of ownership can go unreported and there are no guarantees that the accredited landlord is notifying the authority when they

have purchased new properties. The Authority can not therefore confirm property standards within the code of practice are being met.

2.6 The complexities of administering the scheme are not unique to Carlisle, and a Cumbrian wide approach to accreditation, involving a third party in the accreditation process is currently being developed.

2.7 There are an undetermined number of single household privately rented properties in Carlisle. Some of these will be known to the Private Sector Housing Team where they are included in the Accreditation Scheme but other properties are only identified when they are the subject of a housing complaint.

2. THE DRAFT ENFORCEMENT POLICY

2.1 The draft policy at appendix 1 and appendix 1a outlines how the Council proposes to utilise fairly and consistently all the powers contained within the Housing Act 2004 to achieve improvements to housing, health and the environment in the City. The policy ensures that we protect vulnerable occupants and provides the foundation for strategic targeted enforcement.

3. CONSULTATION

4.1 It is suggested that the Enforcement Policy attached at appendix one is placed on the Council's website.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

5.1 That Members of the Executive:

1. Approve the draft Enforcement Policy for Private Sector Housing comprising appendix one of this report.

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5.2 The recommendation above will ensure a consistent, proportionate and transparent approach to private sector housing enforcement.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

6.1 It is considered the proposals will support the following priorities:-

- Addressing the current and future housing needs of the City by ensuring that housing is safe and meets minimum standards.
- Promoting partnership working with the private sector.

Contact Officer: Margaret Miller

Ext: 7330

**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 - No Implications.

Economic Development – No implications.

Governance – The Housing Act 2004 specifies the Council's enforcement powers in relation to private sector properties. An enforcement policy of the type proposed ensures that the officers know the framework in which they are working and within which they must base their decisions. It is an important guide in the exercise of their delegated powers. Similarly, those on the receiving end of enforcement action will have appropriate knowledge of how their cases should be dealt with. There are provisions for charges to be levied by the Council (s49) and these have been separately approved by the Council.

Local Environment – No implications.

Resources – This policy will be enforced by the Private Sector Housing Team funded from existing base budgets.

DRAFT

Private Sector Housing Enforcement Policy

2013

Enforcement Framework

This Policy is based on the principles of openness, clear standards, proportionality, consistency of approach, targeting to areas of greatest need, and transparency as contained in the Enforcement Concordat issued by the Cabinet Office.

The Policy recognises the Human Rights Act 1998 and the Code of Practice for Crown Prosecutors and complies with the Police and Criminal Evidence Act 1984, the Regulation of Investigatory Powers Act 2000 and the Criminal Procedures and Investigations Act 1996.

This policy explains how the enforcement tools, provided by the Housing Act 2004 and other legislation will be used fairly and consistently to improve regulatory outcomes without imposing unnecessary burdens, in recognition of the Regulators Compliance Code where this applies to the legislation enforced by the Private Sector Housing Team. In some instances the Council may decide that a provision of the Code is either not relevant or outweighed by another provision. Any decision to depart from the Code will be properly reasoned and documented.

PART 1: GENERAL ENFORCEMENT

The following range of enforcement options will be applied to private sector housing enforcement:

- No action
- Informal Action
- Statutory Action
- Simple Caution
- Prosecution
- Works in Default
- Emergency Measures

No action

No action can be taken where cases fall outside the team's legislative remit. In other cases, the individual circumstances of the case may lead the officer to determine that no action should be taken. Whenever possible, the customer will be given advice on ways they can deal with the matter themselves.

Informal action

Informal action includes both verbal advice and advisory letters. This stage will usually precede any formal or statutory action. Informal action will be appropriate where:

- There is no legislative requirement to serve a formal notice
- The circumstances are not serious enough to warrant formal action
- Past history suggests that informal action can reasonably be expected to achieve compliance
- There is confidence in the landlord/person responsible

- The consequences of non-compliance will not pose a significant risk to occupiers or other affected persons
- Remedial work within a suitable timescale can be agreed

Statutory action

The Council will serve a formal notice where they have a statutory duty to do so, taking account of the following matters:

- Where informal action has not achieved compliance
- There are significant contraventions of legislation but prosecution is not appropriate
- There is a lack of confidence that there will be a suitable response to an informal approach
- There is a history of non-compliance with informal action
- Standards are poor, with little awareness or regard for statutory requirements
- The consequences of non-compliance could be potentially serious for the health and safety of the occupier or public health
- Prosecution is intended, but action needs to be taken to remedy conditions which pose an immediate risk to health and safety

Only officers authorised to do so can take statutory action. Please refer to the Council's Scheme of delegation for further information.

Statutory notices will be served in accordance with the relevant legislation and will specify:

- The reasons for the enforcement action being taken including an explanation of what is wrong, what is needed to put things right and what will happen if the notice is not complied with.
- A reasonable timescale for compliance having regard to the seriousness of the defects or contraventions
- Written information explaining the right of appeal against the notice and method for doing so

Formal/Simple Caution

A Simple/Formal Caution may be offered as an alternative to prosecution in order to:

- Deal quickly and simply with less serious offences
- To divert less serious offences away from the Courts, and
- To reduce the likelihood of repeat offences

A Simple/Formal Caution will only be offered where:

- There is evidence of the offenders guilt sufficient to give a realistic prospect of conviction
- The offender admits the offence
- The offender clearly understands the significance of the Caution and gives informed consent to being cautioned, and
- The use of a Caution is considered to be in the public interest

Prosecution

The Council recognises that the decision to prosecute is significant and could have far reaching consequences upon the alleged offender. The Council will only instigate

legal proceedings where there is sufficient, admissible and reliable evidence that an offence has been committed by an identifiable individual or company, that there is a realistic prospect of conviction and that prosecution for the offence is in the public interest.

In making the decision to prosecute the case will be considered, in line with the guidance in the Code for Crown Prosecutors 2013 and Crown Prosecution Service Policies and Guidance.

Enforcement under the Housing Act 2004

The Housing Act 2004 requires local authorities to base their enforcement decisions in respect of all types of residential property on assessments under the Housing Health and Safety Rating System (HHSRS). The system is based on twenty-nine possible hazards, and is structured around an evidence based risk assessment process. Local Authorities must inspect properties to determine whether there are Category 1 or Category 2 hazards present, using the method prescribed by regulations, having regard to Operating Guidance issued by the Secretary of State.

Assessment of hazards is a two stage process, addressing first the likelihood of an occurrence and then the range of probable harm outcomes. These two factors are combined using a standard method to give a score in respect of each hazard identified. The decision to take enforcement action is based on three considerations:

- (a) the hazard rating score determined under HHSRS;
- (b) whether the local authority has a duty or power to act, determined by the presence of a hazard score above or below a threshold prescribed in the regulations, and
- (c) the authority's judgement as to 'the most appropriate course of action' to remove or reduce the hazard taking into account the most vulnerable potential occupant and the actual occupants.

Duties and Powers

The Council must take appropriate action in respect of a Category 1 hazard (bands A-C) and may do so in respect of a Category 2 hazard (bands D-J).

The courses of action available to the Council where it has either a duty or a power to act are to:

- Serve an Improvement Notice requiring remedial works
- Make a Prohibition Order, which closes the whole or part of a dwelling or restricts the number or class of permitted occupants
- Suspend the Improvement Notice or Prohibition Order
- Serve a Hazard Awareness Notice
- Take Emergency Remedial Action (Cat 1 hazards only)
- Serve an Emergency Prohibition Order (Cat 1 hazards only)

- Make a Demolition Order (Cat 1 hazards only)
- Declare a Clearance Area (Cat 1 hazards only)

For the purposes of assessing the hazard, it is assumed that the dwelling is occupied by the most vulnerable household (irrespective of what household is actually in occupation or indeed if it is empty). However, for the purposes of deciding the most appropriate course of action, regard is had to the actual household in occupation. Where an authority takes action and the property owner does not comply, the Act retains the powers available to authorities to act in default. It also enables them to charge and recover charges for enforcement action.

Decision Rules

The Council will have regard to the statutory guidance document 'The Housing Health and Safety Rating System: Enforcement Guidance' when deciding the most appropriate course of action.

Whether the Council has a duty to act in respect of a Category 1 hazard, or the power to act in respect of a Category 2 hazard, in either case the Council is obliged to give a formal statement of reasons for the action it intends to take.

The Council will take account of factors such as:

- Extent, severity and location of hazard
- Proportionality - cost and practicability of remedial works
- Multiple hazards
- The extent of control an occupier has over works to the dwelling
- Vulnerability of current occupiers
- Likelihood of occupancy changing
- The views of the current occupiers

Consideration must also be given to whether consultation is required with other enforcing bodies. In particular where the hazard of fire is identified there is a duty to consult with the fire authority as prescribed under section 10 of the 2004 Act.

Category 1 Hazards

Where an assessment and rating of a property has resulted in a Category 1 hazard, the council will serve Statutory Notice. Where this formal action is being considered and the person responsible agrees to take action to resolve the matter, the Council may agree to defer formal action for a reasonable time. Deferred action will not be considered where there is an imminent risk to public health or safety.

Category 2 Hazards

In addition to the Council's duty to take action where a Category 1 hazard exists, the Council will generally exercise its discretion to take the most appropriate course of action where a Category 2 hazard exists in the following situations:

(a) Band D Hazards

There will be a general presumption that where a Band D hazard exists, Officers will consider action under the Housing Act 2004 unless that would not be the most appropriate course of action.

(b) Multiple Hazards Where a number of hazards at Band D or below create a more serious situation, where a property appears to be in a dilapidated condition, or where the conditions are such as to be affecting the material comfort of an occupying tenant.

(c) Exceptional Circumstances

In exceptional circumstances where (a) and (b) above are not applicable, the Director of Community Engagement may authorise the most appropriate course of action to be taken.

Level to Which Hazards are to be Improved

The Housing Act 2004 requires only that the works specified when taking the most appropriate course reduce a Category 1 hazard to Category 2 hazard. For example Band C and Band A hazards need only be reduced to Band D. The Council will generally seek to specify works which achieve a significant reduction in the hazard level and in particular will be to a standard that should ensure that no further intervention should be required for a minimum period of twelve months.

Tenure

In considering the most appropriate course of action, the Council will have regard to the extent of control that an occupier has over works required to the dwelling. In normal circumstances, this will mean taking the most appropriate course of action against a private landlord and in most cases this will involve requiring works to be carried out.

Registered Social Landlords (Housing Associations) are also subject to enforcement, however where RSLs have a programme of works to make their stock decent, the Council will liaise as appropriate with the landlord over any works necessary to deal with Category 1 and 2 hazards in advance of any planned improvements.

If an RSL is planning works which would deal with the hazard, depending on the risk to the tenants, it may be appropriate to issue a Suspended Improvement Notice rather than an Improvement Notice, or to allow extra time on an Improvement Notice.

However, if the RSL fails to respond to any such request for information, or if the proposed timescale is not considered acceptable based on the severity of the hazard, the Council will consider the need to pursue more urgent action.

With owner occupiers, in most cases they will not be required to carry out works to their own home and the requirement to take the most appropriate course of action will be satisfied by the service of a Hazard Awareness Notice.

However, the Council may in certain circumstances require works to be carried out, or to use Emergency Remedial Action or serve an Emergency Prohibition Order, in respect of an owner occupied dwelling. This is likely to be where there is an imminent risk of serious harm to the occupiers themselves or to others outside the household, or where the condition of the dwelling is such that it may adversely affect the health and safety of others outside the property. This may be because of a serious, dangerous deficiency at the property. Another example is a requirement to

carry out fire precaution works to a flat on long leasehold in a block in multiple occupation.

Vacated Properties with Statutory Notice

In cases where properties are subject to a statutory notice and the property is subsequently vacated, all notices or orders will be reviewed to consider whether the notices or orders may be varied, suspended or revoked. The Council will seek to deter landlords from undertaking retaliatory eviction and will not consider that removal of a tenant achieves compliance with any Notice served, except in overcrowding situations where it was a specific requirement of the notice.

Action with Agreement

The Act also makes provision for remedial works to be carried out by agreement. This is where the local authority arranges for the works to be carried out at the request of the person responsible and they are then charged for the full cost. If the costs incurred cannot be paid they must be placed as a charge against the property.

Powers of Entry

Most of the legislation enforced by the Private Sector Housing Team includes the power for authorised officers of the local housing authority to gain entry onto property for the purpose of carrying out the authority's duties under that legislation.

If an officer is unsuccessful in gaining entry by informal means, the Council will consider obtaining a warrant from a Justice of the Peace to provide for the power of entry by force if necessary. If prior warning of entry is likely to defeat the purpose of the entry then a warrant can be obtained.

The Council also has the power to require documents to be produced in connection with its enforcement (Parts 1 - 4 of the Housing Act 2004) by a notice. The notice will specify the consequences of not complying.

Copies of documents can be obtained and kept by the Council.

Power to Charge for Enforcement Action

In accordance with Sections 49 and 50 of the Housing Act 2004, the Council reserves the right to charge and recover the reasonable costs incurred in taking the most appropriate course of action.

The Council will charge where a formal notice or order is required to remove hazards, or when emergency remedial action is necessary, with charges levied on the basis of actual time spent by officers on the chargeable activities and the appropriate hourly rate for those officers, as approved by Executive on 2 September 2010

This charge may be waived if the landlord makes representations and agrees the extent of the works and timescales prior to the service of the notice. If there is an appeal against the Notice then the charge will not be applied until the appeal is resolved and if the notice is upheld.

A demand for payment of the charge must be served on the person from whom the Council seek to recover it. The demand becomes operative, if no appeal is brought

against the underlying notice or order, at the end of the period of twenty-one days beginning with the date of service of the demand. As from the time when the demand becomes operative, the sum recoverable by the authority is, until recovered, a charge on the premises concerned.

Costs spent carrying out emergency remedial action may be recovered separately. If the Secretary of State prescribes a maximum amount that may be charged to recover administration and other expenses incurred in taking enforcement action the Council will limit any charge accordingly.

Works in Default

The Council may carry out works in default of a statutory notice. The cost of the works, plus the Council's reasonable administration charges based on an officer hourly rate, will be charged to the responsible party and recovered through the civil court.

Charges may be made for abortive costs in preparing to carry out work in default where an order has been placed and the owner then carries out the work required. Where there is no prospect of the money being recovered, the debt may be placed on the property as a land charge.

Emergency Measures

The Council may use emergency enforcement powers under housing legislation where there is an imminent risk of serious harm. In such circumstances the Council will take whatever remedial action it considers necessary to remove an imminent risk of serious harm. This could include taking remedial action in respect of a hazard and the subsequent recovery of reasonable expenses or prohibiting the use of all or part of a property.

Such emergency measures will only be taken where the use of emergency powers is the most appropriate course of action. Where emergency measures are taken, the owner of the property or other relevant person will be advised of the method of appeal against the action taken.

Licensing of Houses in Multiple Occupation

Duty to Licence HMO's

Section 61 of the Housing Act 2004 places a duty on the local housing authority to licence certain types of HMO. The Council must take all reasonable steps to ensure applications are made. A charge will be made for the issue of an HMO licence. This charge will be published and reviewed annually.

Each licence application must be dealt with systematically and will require a degree of checking before a licence can be issued. Checks must be carried out within agreed timescales and a Notice either granting or refusing a licence must be issued before the licence itself is issued.

Amenity standards within licensed HMOs

The provision of amenities in Licensed HMOs will be in accordance with the Licensing and Management of Houses in Multiple Occupation and other houses (Miscellaneous Provisions) (England) Regulations 2006 as amended. A revised set of amenity standards are included in appendix one.

HHSRS and its Link to HMO Licensing

The Council does not need to consider HHSRS before an HMO licence is issued. However, if during the licensing process the Council has reason to be concerned about the likelihood of Category 1 or 2 hazards, it will take action as described in this policy.

In HMOs the assessment of hazards is made for each unit of accommodation, which will reflect the contribution of conditions in the common parts and other areas connected to the unit of accommodation. If an enforcement notice is served on an HMO and it reverts to single occupation, the Council will consider whether the impact of the hazard has diminished and take appropriate action.

Part 2 of the Housing Act 2004 introduces mandatory licensing of certain types of HMO. Mandatory licensing has been introduced to tackle the types of HMO where unsatisfactory housing conditions are most likely to be found.

Local Authorities may also introduce Additional and Selective licensing schemes within their area. These schemes are not currently operated in Carlisle and are discretionary.

Fit and Proper Person and Management

The purpose of HMO licensing is to ensure that the most high risk and poorly managed properties are targeted. The requirement that the licence holder should be a fit and proper person is to ensure that tenants are protected, and the Act stipulates criteria that the licence holder must meet to be regarded as fit and proper.

Where the proposed manager or licence holder is not a fit and proper person, the applicant should be given the opportunity to review the current situation and make proposals that do meet these criteria. If this is not possible, it may be necessary to refuse the licence.

Provision of False or Misleading Information

It is an offence under the Act to provide false or misleading information. On conviction a fine of up to level 5 on the standard scale can be incurred.

Where the HMO licence application form has been signed this is a declaration that information provided is correct. Should contradictory information come to light, prosecution will be considered.

Granting a Licence

Where an application for a licence has been received and the Council is satisfied that the proposed licence holder is fit and proper, that the house is suitable for multiple occupation and the application submitted is valid, the Council must grant a licence.

Each licence must only relate to one HMO and can last for up to five years. In some cases it may be necessary to grant the licence for less than five years.

Refusing a Licence

A licence can be refused if the Council is not satisfied that the criteria stipulated in the Act have been met.

If a licence is to be refused, the Council will give serious consideration to the consequences of this decision. Depending on the reasons for the refusal it may be appropriate to consider the options available for dealing with the property. Where a licence is refused the Council has a duty to take on the management of the property by serving an Interim Management Order. A management order should be the last resort and other avenues will be considered before instigating this action, including a Temporary Exemption Notice. All reasonable steps will be taken to assist the proposed licence holder or owner of the property to either take action to allow the property to become licensed or to take the property out of use as an HMO.

Revoking a Licence

A licence may be revoked under a number of circumstances, stipulated in the Act. In deciding to revoke the licence consideration must be given to the consequences of doing so. If the property is to remain a licensable HMO then the Council must make an interim management order. If it is no longer an HMO no further action is required.

Varying a Licence

A licence may be varied where either the licence holder makes a request or the Council feels it is relevant to do so. It may be varied where there has been a change in circumstances, which also includes the discovery of new information.

Penalties

There are a number of possible offences relating to HMO licensing. The Council will consider taking action where there is evidence of an offence and it is appropriate to take such action.

Offences include:

- Managing or having control of an unlicensed HMO that should have a licence. Prosecution can result in fines of up to £20,000.
- Allowing the HMO to become occupied by more than the agreed number of households or persons on the licence. Prosecution can result in fines of up to £20,000.
- Breaching licence conditions. A breach of licence conditions can lead to prosecution and can result in fines of up to £5,000 per breach.

Other penalties include:

Rent Repayment Orders - if a person has committed the offence described above, in that no licence is being held for a property that should have one, then the Council or tenants can apply for a rent repayment order. The residential property tribunal can award this order, which requires the appropriate person to repay all rents and other periodical payments, and housing benefit for the period up to a licence being issued. The Order will state the amount to be repaid.

Termination of Tenancies - Landlords will not be able to issue any section 21 notices under the Housing Act 1988 (recovery of possession on termination of a shorthold tenancy), whilst the HMO is unlicensed.

Interim Management Orders and Final Management Orders

The Council has a duty to make an Interim Management Order in respect of an HMO where there is no reasonable prospect of it being licensed in the near future or it is necessary to protect the health, safety and welfare of the occupants.

An order can also be served in circumstances that the Council thinks are appropriate with a view to ensuring the proper management of the house pending the licence being granted.

Where a licence has been revoked for any reason and the property remains a licensable HMO an interim management order must be made if there is no reasonable prospect of the property regaining its licence.

Once an interim management order has been served the Council must take over the management of the property for up to twelve months. This includes carrying out any remedial works necessary to deal with the immediate risks to health and safety. If there is still no prospect of a licence being granted after twelve months then a final management order must be made which may be in force for up to five years. If after five years there is no prospect of the property being licensed a further management order must be made.

The Council is under a duty to issue interim and final management orders where necessary. The Council will instigate this action where necessary but as a last resort. All practical steps should be taken to assist the owner of the property to satisfy the licensing requirements. Management orders can be varied or revoked at any time as a result of a request from the owner or by the Council.

Temporary Exemption Notices

A Temporary Exemption Notice (TEN) may be issued where an HMO that is due to be licensed is to be taken out of use as a licensable HMO. A person having control or managing an HMO can notify the Council of its plans and request that the property be exempt from licensing. The Council must then consider this representation and if appropriate, serve the temporary exemption notice. A TEN remains in force for a period of three months, after which the property must have a license if it is still in such a condition as to require one. If further notification is received and the authority considers that there are exceptional circumstances a second TEN may be served which will remain in force for a further three months.

Complaints

In the event that an individual or company is not satisfied with the Private Sector Housing Service or they do not agree with the action taken by the investigating officer, they should first contact the Private Sector Housing Technical Team Manager who will escalate the complaint to a Senior Manager if appropriate. If this does not resolve your complaint the Council also has a formal complaints system.

Carlisle City Council

Amenity Standards in Licensable Houses in Multiple Occupation (HMO) **(Draft Standard 2013)**

These standards apply the National Minimum Standards contained in the Licensing of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 as amended.

The document only covers those HMOs that require to be licensed, but is offered to managers and owners of non-licensed HMOs as good practice.

Council officers would be able to advise about standards which may be appropriate where a particular HMO has a layout or amenity provision which varies from the specified standard but where the facilities provided have an equivalent benefit.

Advice and information on HMOs can be obtained by contacting the Private Sector Housing Team, Civic Centre, Carlisle, by e-mail housing@carlisle.gov.uk , by telephone Tel 01228 817320 or by visiting www.carlisle.gov.uk

Housing Health and Safety Rating System (HHSRS)

The amenity standards for HMOs will be considered along with the requirements of the Housing Health and Safety Rating System which apply to all accommodation types, including HMOs. All HMOs have to be assessed to ensure there are no category 1 hazards within 5 years from an HMO licensing application.

A short guide to the 29 hazards and the background of HHSRS is available on Carlisle City Councils website. Where there are specific references in HHSRS guidance to matters included in the amenity standards, these are referenced below.

Applicable HMO Amenity Standards

1. Space Heating

Each unit of living accommodation must be equipped with an adequate means of space heating. In accordance with HHSRS guidance the Council encourages landlords to provide energy efficient means of space heating and insulation where possible. Such heating provision must be capable of being operated at any time and tenants should be in control of heating to their rooms.

Supplemental heaters such as portable paraffin or oil heaters and liquefied petroleum gas heaters (LPG) (Bottled Gas Heaters) shall not be acceptable under any circumstances, whether provided by the landlord or the tenant as they are likely to present a hazard under HHSRS.

2. Washing Facilities

Where all or some of the units of living accommodation in an HMO do not contain bathing and toilet facilities for the exclusive use of each individual household, there must be an adequate

number of bathrooms, toilets and wash hand basins for the number of persons sharing the facilities. The following guidelines will apply:

5 Persons	1 bathroom/shower room and 1 separate WC with WHB, The WC and WHB can be contained within a second bathroom
6 - 8 Persons	2 Bathrooms/shower rooms each with a WC and WHB
9- 11 Persons	2 Bathrooms/shower rooms each to include a WC with WHB and a separate WC with WHB or a third bathroom.
12 - 15 Persons	3 Bathrooms/shower rooms each to include a WC and WHB.

Notes;

- Having regard to the age and character of HMOs in Carlisle and the size and layout of the accommodation provided, it will not normally be reasonably practicable or desirable to require the provision of wash hand basins within individual units of accommodation.
- All baths, showers and wash hand basins in an HMO must be capable of providing an adequate supply of cold and constant hot water.
- All bathrooms/ shower rooms must be suitably and adequately heated and ventilated. Energy efficient means of heating and hot water is encouraged.
- All bathrooms/shower rooms and toilets in an HMO must be of adequate size and layout and fit for purpose.
- All bathrooms and toilets in an HMO must be suitably located in relation to the living accommodation within the HMO. Where practicable, the facility should not be more than one floor distant from any user.

In accordance with HHSRS guidance, wall and floor surfaces in bathrooms and WC compartments should be designed, constructed and maintained so they are capable of being kept clean and hygienic.

3. Kitchen Facilities

Where the individual units of accommodation do not contain any facilities for the cooking of food there must be a kitchen, suitably located in relation to the living accommodation and of such layout and size and equipped with such facilities so as to adequately enable those sharing the facilities to store, prepare and cook food. The following guidelines will apply:

Shared Kitchens Standards

5 persons	1 kitchen with <ul style="list-style-type: none"> • 1 sink and draining board with an adequate supply of cold and constant hot water • One cooker with 4 ring hob and oven
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	<ul style="list-style-type: none"> • 3 double sockets • 0.5m of worktop per person • 0.4m³ of combination of dry, refrigerated & frozen food storage per person • Appropriate refuse disposal facilities should be provided. • Appropriate extractor fans, fire blankets and fire doors, should be provided
6 - 8 persons	<p>1 Kitchen with dining area/livingroom attached, adjacent or on the same floor.</p> <ul style="list-style-type: none"> • 2 sinks and draining boards with an adequate supply of cold and constant hot water. A double drainer may be acceptable or the provision of a dishwasher in place of the second sink • 1 large oven & 6 ring hob or 2 x 4 ring hobs with ovens • 4 double sockets • 0.5m of worktop per person • 0.4m³ of combination of dry, refrigerated & frozen food storage per person • Appropriate refuse disposal facilities should be provided. • Appropriate extractor fans, fire blankets and fire doors should be provided
9 - 11 Persons	<p>1 Kitchen with large dining area/livingroom attached, adjacent or on the same floor.</p> <ul style="list-style-type: none"> • 2 sinks and draining boards with an adequate supply of cold and constant hot water. The provision of a dishwasher in place of the second sink may be acceptable • 2 x 4 ring hob and ovens • 4 double sockets • 0.5m of worktop per person • 0.4m³ of combination of dry, refrigerated & frozen food storage per person • Appropriate refuse disposal facilities should be provided. • Appropriate extractor fans, fire blankets and fire doors, should be provided
12 - 15 Persons	<p>2 kitchens and 1 living/dining area. Each kitchen to be equipped with:</p> <ul style="list-style-type: none"> • 1 sink and draining board with an adequate supply of cold and constant hot water • One cooker with 4 ring hob and oven • 3 double sockets • 0.5m of worktop per person • 0.4m³ of combination of dry, refrigerated & frozen food storage per person

	<ul style="list-style-type: none"> • Appropriate refuse disposal facilities should be provided. • Appropriate extractor fans, fire blankets and fire doors, should be provided
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If catering services are provided, then the Council will consider such circumstances and negotiate with the individual landlord to determine the standards to suit the occupiers' needs.

Units of living accommodation, without shared basic amenities. (e.g bedsits)

The minimum requirements are:

- Two rings or hotplates together with an oven or grill.
- Sink with draining board and an adequate supply of cold and constant hot water
- At least 1 double electrical socket for kitchen appliances only.
- At least 1m of worktop per person.
- At least 0.4m³ of combination of dry, refrigerated & frozen food storage space per person.
- Appropriate refuse disposal facilities should be provided.
- Appropriate extractor fans, fire blankets and fire doors, should be provided

Notes:

- In accordance with HHSRS guidance, impervious finishes should be provided adjacent to cookers, sinks, drainers and worktops. All joints between a sink, a drainer or a worktop and the adjacent wall surface should be adequately sealed.
- In accordance with HHSRS guidance, dry goods storage facilities must be free from disrepair or dampness and the storage unit must have smooth, easily cleaned surfaces. This makes the space in a sink unit below the sink unsuitable.
- In accordance with HHSRS guidance, cookers and worktops should be sited away from doors or thoroughfares and other potentially hazardous areas.

4. Refuse, Storage and Disposal

Refuse and recycling bins and containers shall be provided in sufficient numbers for the needs of the household, and acceptable means of disposal provided.

All refuse containers should be located on hard standings with suitable access for cleansing of the area and removal of containers. Such hard standing should be located in an area away from habitable rooms and wherever practical, at the rear of a property.

5. Electricity Supply

Electricity socket outlets shall be provided to individual rooms or lettings to a minimum standard as follows:

Living Rooms	2 double sockets
Bedrooms	2 double sockets
Bedrooms, containing cooking facilities	2 double sockets and 1 additional double socket above the work surface for the use of portable kitchen appliances.

All socket outlets shall be located in positions which permit their safe, convenient and proper use at all times, having regard to likely room layouts. They should not be positioned where vulnerable to damage, likely to be obstructed or where the resulting appliance cables are likely to pose a health and safety hazard.

Electric cookers shall be provided with a dedicated cooker point outlet suitable for the rating of the cooker and fixed electric space or water-heating appliances shall be provided with a separate dedicated electric point.

All landlords must also provide an up to date electrical safety report from an NICEIC registered electrician or other suitably qualified electrician on the condition of the whole existing electrical system. This should be undertaken every 5 years.

6. Space Standards for Rooms

Room sizes must comply with the following standards set for each individual type of let.

No. of people	Shared lounge	Shared kitchen	Room size (m ²)
One	Yes	Yes	6.5
One	No	Yes	10
One	No	No	13
Two	Yes	Yes	10
Two	No	Yes	14
Two	No	No	20.5

Shared lounges

Shared lounges must be of sufficient size and have sufficient soft furnishings, to allow at least two thirds of the occupiers to sit together and socialise.

Measurement of rooms

Room sizes are calculated by taking wall to wall measurements directly above the height of the skirting board. In general, where the layout of the room prevents some parts of it being properly used these areas will be excluded from the assessment of size. This includes areas which can only be used for access (e.g. some “L” shaped rooms with a narrow area in front of a doorway) are excluded.

Also excluded are all parts of rooms located below sloping ceilings etc where the maximum ceiling height is less than 1.5m. The minimum standards apply to each room and the equivalent amount of space cannot be made up by using two smaller rooms.

Management of HMOs

The Management Regulations impose duties on both the managers and the tenants of an HMO. The duties imposed are to ensure the good order, repair and, as appropriate, cleanliness of the following:

- (a) Means of water supply and drainage.
- (b) Parts of the house in common use.
- (c) Installations in common use.
- (c) Living accommodation.
- (d) Windows and ventilation.
- (e) Means of escape from fire, including any fire apparatus.

The Manager is also given certain responsibilities in respect of the disposal of refuse and litter, and the taking of reasonable precautions to protect tenants and lodgers from dangers resulting from structural conditions in the premises.

Regulatory Reform (Fire Safety) Order 2005

Landlords of HMOs that require to be licensed will need to comply with the Regulatory Reform (Fire Safety) Order 2005, (often referred to as the RRO or just Fire Safety Order). For further information please visit the Communities & Local Government website for the sleeping guide which relates to HMOs. You can also obtain further information from Cumbria Fire and Rescue Services.

Further information on Fire safety measures applicable to HMO's can also be accessed in the Fire Safety measures guidance produced by LACORS adopted by the City Council in the Summer of 2008.

Building and Planning Regulation Approval

Some of the works to HMOs will require Building Regulation or Planning approval including change of use for houses occupied by more than 6 people; installation of plumbing and electrical works; thermal insulation or for structural alterations. Meeting Building Regulation and Planning regulation standards does not imply that the house meets HMO standards and will be free from HHSRS hazards. Landlords submitting an application for Building Regulations or Planning regulations should include HMO in the title of the application to enable the development to be identified so that we may advise you as to any requirements we might have. For further information on any Planning or Building regulations please contact Planning or Building control directly.

Report to Executive

Agenda
Item:

A.8

Meeting Date: 16th December 2013
 Portfolio: Communities and Housing
 Key Decision: No
 Within Policy and
 Budget Framework YES
 Public / Private Public

Title: HOMELIFE CARLISLE - BUSINESS MODEL
 Report of: Director of Economic Development
 Report Number: ED 43/13

Purpose / Summary:

This paper outlines the business model of Homelife Carlisle, the Home Improvement Agency(HIA).

Enabling people to remain living independently at home is a key part of Government policy. An increasing older population impacts on the demand for public services in Carlisle. The delivery of services under the HIA allow for services to be targeted to help those older and vulnerable people needing support and help. The HIA also provides an opportunity to develop new services and find new funding opportunities to pay for these services.

This report sets out the current income streams and how funding is used to cover the cost of running and developing the service.

Recommendations:

That the Executive approve the business model for the delivery of Homelife Carlisle and approve the proposed charging regime for work undertaken by the HIA. It is also requested that Executive note the income and expenditure that has taken place to date in establishing the HIA and its workstreams.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

1. BACKGROUND INFORMATION

- 1.1 A growing older people population and reductions in housing budgets has made it more difficult to provide services to keep older and disabled people independent at home. Both Health and Social Care have as their strategic aims to keep people independent at home for as long as possible.
- 1.2 The City Council has reduced in recent years the number of services in Housing for older and disabled people to the mandatory requirement to provide Disabled Facilities Grants. This has meant that we are no longer, for example, able to provide renovation grants and other help such as heating schemes funded from the Council's budgets. This is coupled with a reduction in funding from other agencies and authorities for housing related support.
- 1.3 The Council is the strategic housing authority and has in its Housing Strategy the support of older and disabled people. To provide additional services without Council funding for both the capital and revenue costs requires it to seek alternative funding externally.
- 1.4 Home Improvement Agencies provide a route to increase capacity and to gain additional external funding as part of a partnership approach. Carlisle City Council has had a HIA since 2007 but it was not accredited with the national body for HIAs, Foundations. Accreditation was gained in July 2012 and from that date the initial work on establishing the HIA has taken place. Accreditation is the first stage of a quality assurance process that leads to a TrustMark; this accreditation stage verifies that the HIA offers the basic services required of an HIA to an acceptable standard.
- 1.5 The HIA was set up as part of a countywide project to improve the integration of Disabled Facilities Grants with both Health and Social Care. This project gained additional funding for Districts in 2011- 12 of £500k and a further £500k in 2012-13 from the NHS Joint Commissioning Board. Carlisle's share of this budget was £118k in each of those years. This and other external monies, provided by Government following Cumbria's piloting of the unringfencing of the Disabled Facilities Grant, have been used to provide the working capital for the HIA as it develops its own income streams.
- 1.6 The Executive is required to approve the business model of the HIA to ensure that the income it generates meets its costs and that any surplus income is used appropriately to help older and vulnerable residents. As part of this it is also

required that the Executive note the income and expenditure made during the set up phase of the HIA.

- 1.7 The HIA is based on the model similar to a social enterprise where any surplus income is used in the provision of services that have a social impact and are in line with the aims and objectives. The HIA's objectives are aligned to the Council's Housing Strategy.

2. CURRENT INCOME STREAMS

2.1 Income from chargeable work

The HIA offers a number of services where we charge a fee of 12.5% on the cost of the works as outlined in the recent charging report. The charge is levied currently against the cost of goods and services in the following areas of work; the range of these services will increase as the HIA expands:

- Managed Repair Service
- Sanctuary Scheme - for victims of domestic and sexual violence
- CDRP Anti-social behaviour scheme
- Electrical Safety Council grants
- Foundations Independent Living Trust
- Affordable Warmth measures
- Client funded adaptations
- Hospital Discharge
- Handyperson Service

2.2 ECO Affordable Warmth measures

The HIA is the referral point for Energy Company Obligation(ECO) affordable warmth measures in Carlisle. The Council are working with SIG Energy Management for the delivery of the scheme to the residents of Carlisle. SIG Energy Management was selected following a procurement exercise. As part of the Service Level Agreement, the HIA will be paid referral fees for supplying client details to SIG, these will be paid on the installation of a measure. The rates are not finalised but will likely be as follows:

Level	Referral Fee
Basic - Client name and address, problem or measure requested	£25

Enhanced - Client name and address, problem or measure requested. Plus benefit/income proof if needed. Existing home heating and insulation measures installed. House type and construction. Usually as the result of a home visit,	£50 - £75
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2.3 Community Neighbours Post

The Community Neighbours programme is a befriending service for older people using volunteers. This programme is run by a Coordinator and is externally funded by Health and Social Care. It is a temporary post for 12 months which is due to finish in April 2014. We are seeking further funding currently from the Clinical Commissioning Group under the Mrs Carlisle project.

2.4 Housing Caseworker

The Housing Caseworker is a Hospital Discharge service externally funded by Health and Social Care. It is designed to facilitate early discharge from hospital where housing issues are a barrier to discharge. It is a temporary post for 12 months which is due to finish in November 2014. We will be seeking further funding from the Clinical Commissioning Group under the Mrs Carlisle project. This will be based on evidence of the savings the service makes due to reductions in bed days and stabilising patients at home who repeatedly are admitted to hospital.

2.5 Grants and external funding

We will be seeking grants and bidding for external funding as they arise which will also generate income to cover the base costs of the HIA.

3. CURRENT EXPENDITURE STREAMS

3.1 Base Costs

The base costs for the HIA are salary costs for the HIA Manager, HIA Project Worker and the HIA Apprentice. These posts are currently being funded from the external funding being used to set up the HIA (see para 1.5). The other costs

included under this heading are the licences for specialist software to administrate the HIA as well as general day to day costs not included under the salaries budgets. These annual base costs are estimated at around £95k.

- 3.2 The business plan for the HIA aims to make the HIA cost neutral in year 2015-16, which means that its income will match the costs of running the service. The service will earn its income for the following financial year in the preceding year. It will aim to keep working capital to cover at least six months costs, which is a common model used in the charitable sector. This amounts to £47.5k. We currently have in excess of this amount unallocated for 2015-16.

MARKETING THE HIA

- 4.1 The HIA has earned income from the current work streams but has been principally setting up its ways of working and recruiting staff since it was accredited. It will now be taking forward a marketing strategy with the help and support of the Communications Team to expand the service and increase turnover. We have engaged an external graphic designer and copy writer to assist us in doing this. This will increase awareness of the HIA and its work and increase the number of people we are able to help.
- 4.2 The Executive approved at its February meeting the branding of the HIA. This was designed in house through the Communications Team.,.



- 4.3 We are linked to the Mrs Carlisle project. A joint Health and Social Care project to support the frail elderly to live independently at home for as long as possible.

5. ECONOMIC BENEFITS

- 5.1 As the HIA grows, it is and will produce both work for local businesses and employment as well as opportunities for apprentices. It will also attract additional

funding into both Carlisle and Cumbria which will benefit the Council and the Third Sector, such as Age UK, who are working with the HIA.

6. CONSULTATION

6.1 Consultation to Date.

None to date at present.

7. RECOMMENDATIONS

7.1 That the Executive approve the business model for the delivery of Homelife Carlisle and approve the proposed charging regime for work undertaken by the HIA. It is also requested that Executive note the income and expenditure that has taken place to date in establishing the HIA and its workstreams.

8. REASONS FOR RECOMMENDATIONS

8.1 It is a requirement that the Council approve the HIA's business model structure as well as ensuring that its surpluses are used to improve services and meet the reasonable costs of running those services.

9. IMPLICATIONS

- Staffing/Resources – The HIA staff and resourcing is funded from external funding and all services will not be taken forward unless they are viable and meet the principle of cost neutral to the authority.
- Financial – As the HIA is not a separate legal entity, the income and expenditure of the HIA currently forms part of the Council's base revenue budget within the Economic Development Directorate and as such must comply with the Council's Financial and Contract Procedure Rules including policies on external funding and partnerships working. The business model for the work undertaken by the HIA assumes a break even position with the costs being funded through the charging mechanism detailed within the report at paragraph 2. The Executive are asked to approve these charges in accordance with the Corporate Charging Policy.
- Legal – The HIA is not a separate legal entity, rather it is a trading name under which the City Council delivers the services described. The power for the Authority to charge for HIA services derives from the Regulatory Reform

(Housing Assistance) England and Wales Order 2002 and includes a discretionary context applicable to any HIA charging policy established by the Authority. Income from, and expenditure on, the HIA service will have to be processed in accordance with the requirements of the Council Financial Procedure Rules. Any HIA contract opportunities will need to be offered to the market in compliance with the Council Contract Procedure Rules.

- Corporate – Personnel and other Corporate services are being used as required. Where the costs are incurred as part of a bid these will be reflected in the bid.
- Risk Management – A risk profile has been submitted to the Programme Board and is being reviewed with them on an ongoing basis.
- Environmental – The HIA will conform to the Council's policies on environmental protection and sustainability.
- Crime and Disorder – The HIA is currently providing a Sanctuary Scheme for victims of domestic violence and has been awarded funding for a referral scheme to help people make their homes safe after a burglary, for example. One of the aims of the project is to help people feel safer at home by, for example, providing handyperson services to improve home security. We also run a scheme for victims of anti-social behaviour.
- Impact on Customers – The HIA is already benefiting customers providing improvements in energy efficiency and helping victims of crime. The HIA is also referring clients to other services such as Benefit Advice for income maximisation. The service is also working in partnership with other agencies and council services to provide a holistic approach and try to assess each case looking at all the measures that would help the client remain independent at home.

INDIVIDUAL PORTFOLIO HOLDER DECISIONS

Below is a list of decisions taken by Individual Portfolio Holders acting under delegated powers:

REF: PF.012/13 Changes to Representatives on Outside Bodies

Decision of Councillor Glover, The Leader

Portfolio Leader

Subject Matter

The Executive had, at their meeting on 31 May 2013 (EX.60/13 refers) appointed Councillor Glover as the representative on the Cumbria Planning Group and Councillor Mrs Martlew as the representative on the Conservation Area Advisory Committee. The representatives on the Cumbria Planning Group and the Conservation Area Advisory Committee had requested that they no longer sit on the two outside organisations.

Summary of Options rejected

Not to make changes

DECISION

That the following changes be made to the representatives on the following outside bodies:

- Cumbria Planning Group
Councillor Mrs Bradley to replace Councillor Glover
- Conservation Area Advisory Committee
Councillor Bowditch to replace Councillor Mrs Martlew

Reasons for Decision

To update the Council's Representatives on Outside Bodies

Date Decision Made

November 2013

Implementation Date:

26-Nov-13

OFFICER DECISIONS

Below is a list of decisions taken by Officers which they have classed as significant:-

REF: OD.033/13 The Living Wage 2013/14

Decision of Director of Resources

Portfolio: Finance, Governance and Resources

Subject Matter:

The Council, in supporting the living wage, has set its Grade A Salary Band on 1st April 2013 at the living wage of £7.45 per hour or £14,374 per annum (increased to £14,518 when the national pay award added). The Living Wage Foundation announced in November 2013 that the Living Wage would be increased to £7.65 per hour or £14,759 per annum.

Summary of Options rejected:

None

DECISION:

To increase the Council's Grade A (pay point P1) to £14,759 per annum (£7.65 per hour) with effect from 1st December 2013. The recurring cost of the decision, estimated at a total of £1,400 per annum, will be met from existing base salary budgets. 13 members of staff will benefit from this increase in the salary scale.

Reasons for Decision:

To increase the living wage to the 2013 level as set by the Living Wage Foundation.

Date Decision Made : 18-Nov-13

REF: OD.034/13 Integrating Health and Social Care Conference

Decision of Emma Titley, Organisational Development Manager

Portfolio: Finance, Governance and Resources

Subject Matter:

To allow Councillor Parsons to attend the Integrating Health and Social Care Conference on 26 February 2014 at Central London at a cost of £350

Summary of Options rejected:

Not to attend

DECISION:

That Councillor Parsons be authorised to attend the Integrating Health and Social Care Conference on 26 February 2014 at Central London at a cost of £350

Reasons for Decision:

Appropriate event for elected Members - sufficient training budget (Conservative group) to accommodate

Date Decision Made : 22-Nov-13

JOINT MANAGEMENT TEAM
Monday 28th October 2013
MINUTES

Present:	Councillors Colin Glover (Chair), E Martlew, A Quilter, J Riddle, H Bradley and L Tickner
	A Culleton, K Gerrard, J Gooding, M Lambert, P Mason and P Slegg
Apologies:	D Crossley, J Meek

JMT 75/13 – JMT minutes of previous meeting	
Minutes agreed.	
ACTION:	
JMT 76/13 – Harraby Community Centre	
Harraby Community Centre – Cllr Weber, G Capstick and B Knowles joined the meeting and a discussion took place.	
JMT 77/13 – Fair Finance	
K Gerrard provided a report and a discussion took place. JMT agreed in principle and it was decided to invite colleagues from the Credit Union & Ken Giles to a future JMT	
ACTION: Invite Ken Giles & Credit Union to future meeting	
JMT 79/13 – Military Community Covenant	
City and County Councils have signed up. WW1 Event to be commemorated	
ACTION: Proposals to be discussed	
JMT 80/13 – Civic Calendar	
The Civic Calendar was agreed.	
JMT 81/13 – Rethinking Waste	
A Culleton gave a presentation.	
ACTION: LT & AC to meet to further discuss proposals	
JMT 78/13 – Forward Plan of Executive Decisions	
Discussed and amended.	
JMT 78/13 – Forward Plan of JMT	
Agreed	
JMT 79/13 – Any Other Business	
HSE Visit	
The Executive were informed about the recent improvement notice that was issued.	
Tullie House	
Business Plan will be submitted this week.	

JOINT MANAGEMENT TEAM

Monday 4th November

MINUTES

Present:	Councillors Colin Glover (Chair), E Martlew, A Quilter, J Riddle, H Bradley and L Tickner
	D Crossley, A Culleton, J Gooding, M Lambert, P Mason and J Meek
Apologies:	None

JMT 80/13 – JMT minutes of previous meeting on 28th October	
The Minutes of the previous meeting were discussed and agreed by all.	
JMT 81/13 – Events Planning 2014/15	
Gill Forster Spratt joined JMT for this item. D Crossley briefed colleagues on the background to this report and ran through the proposed process to be followed when planning for an event and the benefits that this approach can bring to the Council.	
Agreed to move this work forward as outlined in this paper.	
ACTION: Darren Crossley/ Gill Forster Spratt	
JMT 82/13 – Joint meeting between Executive and Parish Councils – 2nd December 2013	
Agreed that items to be raised by the City Council at this meeting would include:	
Update on Local Plan – J Meek Management Arrangements following departure of Director of Community Engagement – J Gooding	
ACTION: Tracey to let Morag Durham know	
JMT 83/13 – Forward Plan of JMT	
Add Durranhill Options report to JMT agenda for 18 th November – J Meek	
ACTION: Done	
JMT 84/13 Notice of Executive Key Decisions	
This was noted by JMT	
JMT 85/13 – Any Other Business	
J Gooding updated colleagues on land at Morton	

MARKET MANAGEMENT GROUP

MONDAY 28 OCTOBER 2013 AT 2.00 PM

PRESENT: Members: Councillors Mrs Bradley and Mrs Martlew

Officers:

Mr S Brown – Assistant Solicitor

Mr M Walshe – Strategic Property Manager

Ms Emma Gillespie – Group Accountant

Mrs M Durham – Lead Committee Clerk

ALSO

PRESENT: Mr D Thomson and Mr A Trumper - Ryden Property Consultants

MMG.16/13 APPOINTMENT OF CHAIRMAN

Consideration was given to the role of Chairman of the Market Management Group for the remainder of the 2013/14 municipal year.

It was moved and seconded that Councillor Mrs Bradley be appointed as Chairman of the Market Management Group for the remainder of the 2013/14 municipal year.

RESOLVED – That Councillor Mrs Bradley be appointed as Chairman of the Market Management Group for the 2013/14 municipal year.

Councillor Mrs Bradley thereupon took the Chair.

MMG.17/13 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillor Tickner; Mrs J Meek (Director of Economic Development); Mr R Simmons (Property Services Manager); Mr R Higgins (Heritage Officer) and Mr G Ingram (LaSalle Investment Management).

MMG.18/13 DECLARATIONS OF INTEREST

There were no declarations of interest affecting the business to be transacted.

MMG.19/13 MINUTES OF THE LAST MEETING

The Minutes of the Market Management Group held on 22 April 2013 were agreed as a correct record of the meeting.

MMG.20/13 MATTERS ARISING FROM THE MINUTES

There were no matters arising from the Minutes.

MMG.21/13 MANAGING AGENT'S REPORT

A copy of the Managing Agent's report had been circulated prior to the meeting.

Mr Thomson reported that he was retiring and this was the last meeting of the Market Management Group at which he would be present. He introduced Mr Trumper who would be representing Ryden Property Consultants going forward.

Mr Thomson then outlined discussions which had taken place at a pre-meeting with the Property Services Manager with regard to the fabric / maintenance of the building, commenting that capital investment was needed. He reiterated the problems being experienced in terms of high level access to the glass roof. A 'man safe' access could be put in at a cost of £10,000 which would enable maintenance to be undertaken until a final decision was taken.

Although the lift was in working order, it was subjected to a great deal of use (involving the moving of heavy goods). Work to refurbish the lift would cost in the region of £23,000 - £25,000, which costs had not been factored into planned maintenance.

Discussion then took place around the service charge budget; capping criteria and building issues. Mr Thomson expressed the hope that the service charges would be within budget at the year end.

Councillor Mrs Martlew recognised that The Market Hall was a listed building and asked whether consideration had ever been given to the submission of applications for grants to assist with maintenance thereof. The Citadel Station was a similar structure and she suggested that investigations be undertaken to ascertain whether grant aid had been received for associated maintenance.

Mr Thomson indicated that no formal application had ever been made for grant in respect of The Market Hall. Mr Walshe added that a five year work plan would require to be put in place to support such an application.

Discussion ensued following which it was agreed that Officers should investigate the possibility of making applications for grant assistance e.g. to English Heritage, the Victorian Society, etc.

Mr Thompson explained the current position with regard to tenancy matters, including arrears. He added that a programme of events was scheduled for the Christmas and New Year period, which included Christmas Lights, local Choirs, etc.

There was discussion in relation to the advertising arrangements for vacant stalls, together with the management of rent arrears; recording of footfall within the Market and access arrangements from West Tower Street.

Discussion took place on the issue of renewal of the Managing Agents Appointment Agreement. The last such Agreement had a term of three years commencing on 17 March 2008 and had therefore expired. Members were concerned to ensure that good governance arrangements were in place before any new Agreement was concluded.

In response, Mr Brown advised that arrangements would be progressed in line with established practice and that due consideration was being made in relation to the appointment, or re-appointment of Managing Agents, and that discussions were now taking place between Legal and Finance.

Speaking on behalf of Members of the Market Management Group, Councillor Mrs Martlew wished to place on record sincere thanks to Mr Thomson for the support he had provided over many years. She wished him well for the future.

RESOLVED – (1) That the Managing Agent's report be noted.

(2) That Officers investigate the possibility of making applications for grant assistance towards refurbishment / maintenance of The Market Hall and report to a future meeting of the Market Management Group.

(3) That the Assistant Solicitor be requested to progress arrangements to consider the appointment of Managing Agents and report back to the Market Management Group in due course.

MMG.22/13 ANY OTHER BUSINESS

There were no further items of business to be transacted.

MMG.23/13 DATE OF NEXT MEETING

RESOLVED – That arrangements be made for the next meeting of the Market Management Group to take place in April 2014.

[The meeting ended at 2.35 pm]

Meeting Date: 16 December 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and Budget Framework: Yes
 Public / Private: Public

Title: Quarter Two Performance Report 2013/14
 Report of: Policy and Communications Manager
 Report Number: PC 21/13

Purpose / Summary:

This Performance Report updates the Executive on the Council's service standards that help measure performance and customer satisfaction. It also includes updates on key actions contained within the Carlisle Plan.

Details of each service standard are in the table at Appendix 1. The table illustrates the cumulative year to date figure, a month-by-month breakdown of performance and, where possible, an actual service standard baseline that has been established either locally or nationally. The updates against the actions in the Carlisle Plan follow on from the service standard information in Appendix 2.

Recommendations:

1. Consider the performance of the City Council presented in the report with a view to seeking continuous improvement in how the Council delivers its priorities.

Tracking

Executive:	16 December 2013
Overview and Scrutiny:	Community – 19 November 2013 Environment and Economy – 21 November 2013 Resources – 28 November 2013

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

Service standards were introduced at the beginning of 2012/13. They provide a standard in service that our customers can expect from the City Council and a standard by which we can be held to account. The measures of the standard of services are based on timeliness, accuracy and quality of the service we provide in areas that have a high impact on our customers.

This report includes details on two service standards for the first time. Customer Satisfaction with Street Cleanliness and Customer Satisfaction with Waste Services has been measured through customer feedback from the website and through the Carlisle Focus magazine reader's survey. They will both be reported on a half-yearly basis. A third service standard Customer Satisfaction with Council Services as a whole will be introduced once enough responses have been received.

Regarding the information on the Carlisle Plan, the intention is to give the Executive a brief overview of the current position without duplicating the more detailed reporting that takes place within the Overview and Scrutiny agendas and Portfolio Holder reports.

2. CONSULTATION

The report was reviewed by the Senior Management Team at their meeting on 29 October 2013 and was considered by the Overview and Scrutiny Panels on the following dates:

Community Overview and Scrutiny Panel	19 November 2013
Economy and Environment Overview and Scrutiny Panel	21 November 2013
Resources Overview and Scrutiny Panel	28 November 2013

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive are asked to comment on the 2nd Quarter Performance Report.

Contact Officer: Steven O'Keeffe **Ext:** 7258
Appendices attached to report: Appendix 1 – 2013/14 Quarter 2 Service Standards
Appendix 2 – Carlisle Plan Update

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:
CORPORATE IMPLICATIONS/RISKS

Chief Executive's – Responsible for monitoring and reporting on service standards, customer satisfaction and progress in delivering the Carlisle Plan whilst looking at new ways of gathering and reviewing customer information.

Economic Development – Responsible for managing high level projects and team level service standards on a day-to-day basis.

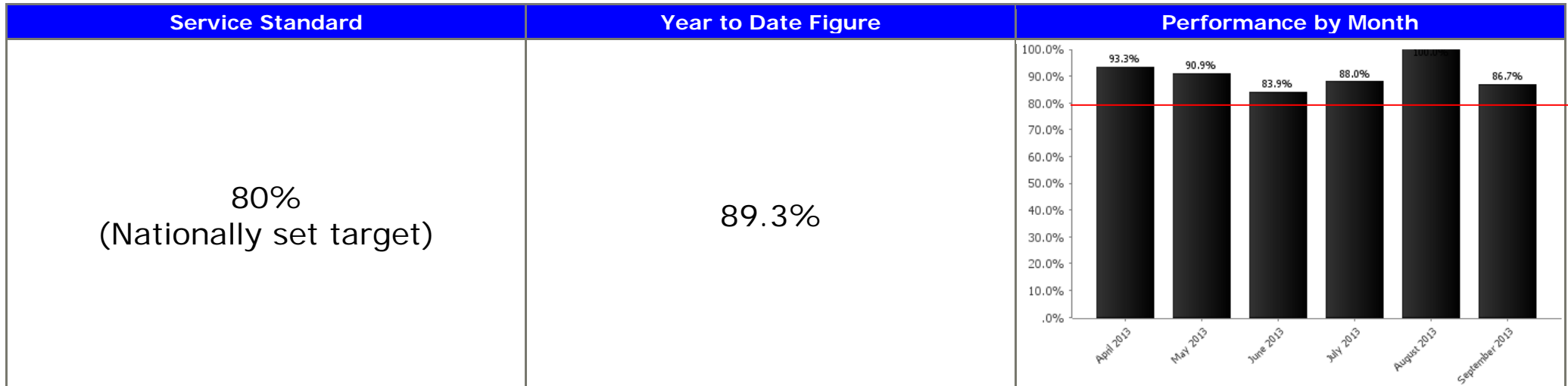
Governance – Responsible for corporate governance and managing team level service standards on a day-to-day basis.

Local Environment – Responsible for managing high level projects and team level service standards on a day-to-day basis.

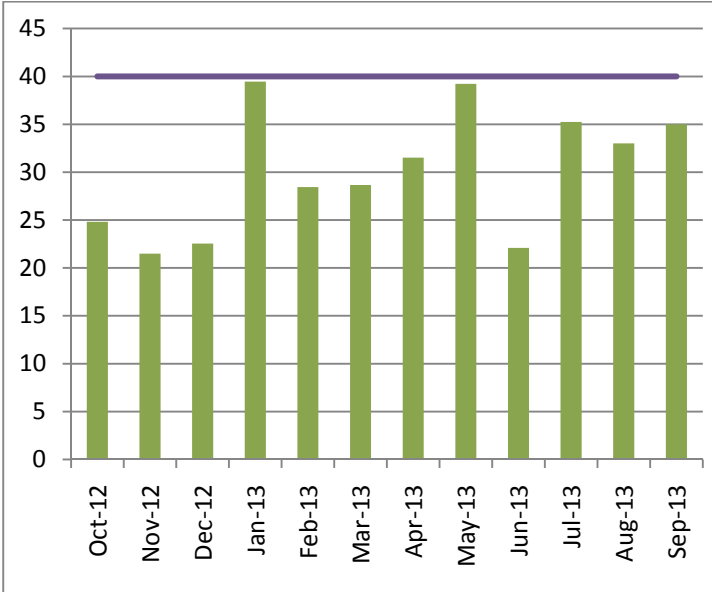
Resources – Responsible for managing high level projects team level service standards on a day-to-day basis.

APPENDIX 1: 2013/14 QUARTER 2 SERVICE STANDARDS

Service Standard: Percentage of Household Planning Applications processed within eight weeks



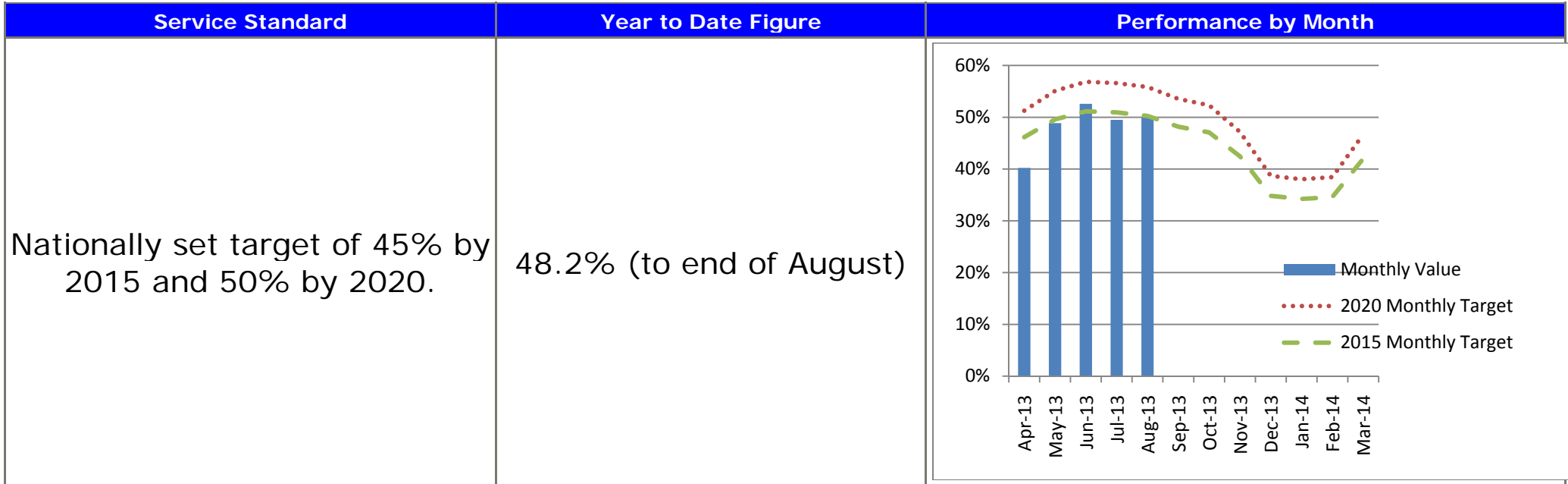
Service Standard: Number of missed waste or recycling collections

Service Standard	Year to Date Figure	Performance by Month																										
<p>40 missed collections per 100,000 (Industry Standard)</p>	<p>35 missed per 100,000 (2013/14 mean average)</p>	 <table border="1"> <caption>Performance by Month Data</caption> <thead> <tr> <th>Month</th> <th>Missed Collections per 100,000</th> </tr> </thead> <tbody> <tr><td>Oct-12</td><td>25</td></tr> <tr><td>Nov-12</td><td>22</td></tr> <tr><td>Dec-12</td><td>23</td></tr> <tr><td>Jan-13</td><td>39</td></tr> <tr><td>Feb-13</td><td>28</td></tr> <tr><td>Mar-13</td><td>29</td></tr> <tr><td>Apr-13</td><td>32</td></tr> <tr><td>May-13</td><td>39</td></tr> <tr><td>Jun-13</td><td>22</td></tr> <tr><td>Jul-13</td><td>35</td></tr> <tr><td>Aug-13</td><td>33</td></tr> <tr><td>Sep-13</td><td>35</td></tr> </tbody> </table>	Month	Missed Collections per 100,000	Oct-12	25	Nov-12	22	Dec-12	23	Jan-13	39	Feb-13	28	Mar-13	29	Apr-13	32	May-13	39	Jun-13	22	Jul-13	35	Aug-13	33	Sep-13	35
Month	Missed Collections per 100,000																											
Oct-12	25																											
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Sep-13	35																											

This service standard was previously measured as a percentage of all collections made whereas the industry standard is measured per 100,000 collections. To allow an easier comparison to be made with the industry standard and for benchmarking purposes the standard is now measured in the same format as the target.

On average there are approximately 0.4 million collections made every month.

Service Standard: Percentage of household waste sent for recycling



The graph above shows what the monthly target would be in order to achieve the EU 2015 target of 45% and the 2020 target of 50%. The monthly target changes to reflect seasonal variations of recycling rates; particularly garden waste tonnages. Work will be done to calculate the annual targets over the next six years in order to achieve a 50% recycling rate by 2020. The regional targets are also due to be reviewed in the winter of 2013/14.

In reference to the 2013/14 performance, dry recycling (kerbside, bring site and third party) figures are down while bulky waste is up. Analysis has shown that the reduction is mainly in paper and cans (both part of the green box scheme). Figures for plastic, card and glass are similar to last year. The most obvious reason for the downturn in paper is due to more people using paperless systems.

Service Standard 2013-14 - Customer satisfaction with street cleanliness

Service Standard	Year to Date Figure	Performance to date								
<p>There is currently no national standard for satisfaction with street cleanliness.</p>	<p>74%</p>	<p>A bar chart with a vertical axis from 0% to 100% in 10% increments. The horizontal axis has three categories: H2 2012/13, H1 2013/14, and H2 2013/14. The H2 2012/13 and H2 2013/14 bars are very low, near 0%. The H1 2013/14 bar is a solid black bar reaching the 74% mark on the vertical axis.</p> <table border="1"> <caption>Performance to Date Data</caption> <thead> <tr> <th>Period</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr> <td>H2 2012/13</td> <td>~0%</td> </tr> <tr> <td>H1 2013/14</td> <td>74%</td> </tr> <tr> <td>H2 2013/14</td> <td>~0%</td> </tr> </tbody> </table>	Period	Performance (%)	H2 2012/13	~0%	H1 2013/14	74%	H2 2013/14	~0%
Period	Performance (%)									
H2 2012/13	~0%									
H1 2013/14	74%									
H2 2013/14	~0%									

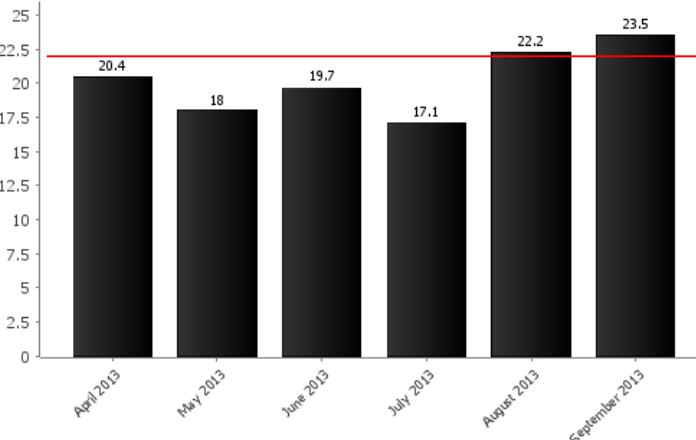
Based on 960 responses in the Carlisle Focus Readers' Survey and an online survey.

Service Standard 2013-14 - Customer satisfaction with waste services

Service Standard	Year to Date Figure	Performance to date								
<p>There is currently no national standard for satisfaction with waste services.</p>	<p>85%</p>	<table border="1"> <caption>Performance to date data</caption> <thead> <tr> <th>Period</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr> <td>H2 2012/13</td> <td>0%</td> </tr> <tr> <td>H1 2013/14</td> <td>85%</td> </tr> <tr> <td>H2 2013/14</td> <td>0%</td> </tr> </tbody> </table>	Period	Performance (%)	H2 2012/13	0%	H1 2013/14	85%	H2 2013/14	0%
Period	Performance (%)									
H2 2012/13	0%									
H1 2013/14	85%									
H2 2013/14	0%									

Based on 1010 responses in the Carlisle Focus Readers' Survey and an online survey.

Service Standard: Average number of days to process new benefits claims

Service Standard	Year to Date Figure (Average)	Performance by Month														
All new claims should be processed within 22 days	19.9 days	 <table border="1"> <caption>Performance by Month Data</caption> <thead> <tr> <th>Month</th> <th>Average Days</th> </tr> </thead> <tbody> <tr> <td>April 2013</td> <td>20.4</td> </tr> <tr> <td>May 2013</td> <td>18</td> </tr> <tr> <td>June 2013</td> <td>19.7</td> </tr> <tr> <td>July 2013</td> <td>17.1</td> </tr> <tr> <td>August 2013</td> <td>22.2</td> </tr> <tr> <td>September 2013</td> <td>23.5</td> </tr> </tbody> </table>	Month	Average Days	April 2013	20.4	May 2013	18	June 2013	19.7	July 2013	17.1	August 2013	22.2	September 2013	23.5
Month	Average Days															
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This standard was previously measured in 2012/13 as the proportion of new claims that were processed within 28 days. This was a specific measure defined locally and consequently did not enable us to easily benchmark with other authorities. As a result we have now adopted the industry standard way of measuring the performance of this service. The Department for Work and Pensions (DWP) ranks authorities into quartiles and Carlisle's target is to not fall lower than the 2nd quartile.

Below shows the quartile ranges based on 2012/13 data. Carlisle's performance from April to September of 19.9 days would put us in the 2nd quartile. The slight deterioration in performance during the 2nd quarter is due mainly to annual leave.

DWP official figures for 2012/3:

- 6–18 days – Top Quartile
- 18-22 days – 2nd Quartile
- 22-28 days – 3rd Quartile
- >28 days – Bottom Quartile

Appendix 2: Carlisle Plan Update

PRIORITY – We will support the growth of more high quality and sustainable business and employment opportunities

The Council's Key Decisions will support business growth, with its services being viewed as 'business friendly' through working more closely with them to meet business' needs.

The public consultation on developing the Local Plan (LP) ended on 16 September. An exploratory Compliance Meeting with the Planning Inspector took place the following day. Initial consultation feedback of issues was raised to the LP Members Working Group on 10 October 2013. Following this it is recommended to insert an additional stage of consultation in the Local Plan programme and thereby reduce the risk of any future challenge to the process of the Local Plan being prepared. This would delay the programme by approximately six months. It is anticipated that a report outlining the additional stage of consultation would reach Full Council on 4 March 2014 with a period of consultation to commence thereafter (update 10 Oct 2013).

A Prospectus for Carlisle has been commissioned with the content currently being developed. This document will reflect the positive messages from the Carlisle Story. The first draft was produced at the end of October 2013 and amendments are currently being made.

PRIORITY - We will develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle

This priority supports tourism, the arts and creative industries. It is recognised that arts and leisure are important in making Carlisle a great place to work, live and visit. Developing public realm improvements is a key piece of work under this priority. This involves the City and County councils working together.

The first set of designs for street signage has been received and will be used to display / identify business sponsorship for the winter lighting scheme. Gateway signage and interpretative signage in the City Centre at key entry points is also being progressed (update 8 Oct 2013).

The Tourist Information Centre (TIC) relocated and reopened within the Old Town Hall on the agreed date of 1st July 2013. The work was overspent by £16k due to a notified reduction in grant offer of £18k by English Heritage. This notification was received on 25th June 2013 when the works were substantially complete thereby preventing the introduction of any cost reduction measures.

An inception meeting for phase 2 was held on 11th July 2013. A draft business case and Project Initiation Document (PID) have been prepared with the tender process already underway. Implementation will take place during 2014/15 with the work focussing on the interior of the building and providing a more modern and enhanced tourist information facility.

The budget for the Arts Centre was approved by Full Council on 10th September 2013. There has been a delay in the procurement process but this is not anticipated to impact on the timescale for the project. A pilot arts programme will run until May 2014 before close down for refurbishment. Managing reputation has been identified as a risk during the pilot programme. To mitigate this risk a pro forma / risk assessment has been designed for each user. A user-satisfaction stream is also being developed.

Other activity regarding this priority includes organised projects for young people in Harraby, Longtown, Brampton, Castle ward, Belah and Morton. These activities will engage young people aged 14-19 and take place in the evening to offer positive activities and the chance to participate in sport. This will be an initial engagement period to launch the schemes during the summer holidays. Disability sessions have also been organised at the Sands Centre and James Rennie School.

The Sport and Physical Activity Strategy is now finalised. The delivery plan has also been finalised to include elements of the 'facility needs assessment' and the 'playing pitch needs assessment'. All projects are aligned to meet the headlines of the Sport and Physical Activity Strategy and projects are being set up and monitored accordingly.

Harraby campus work is progressing well after agreement being signed between the two Councils on 11th July 2013. A business plan is being written with the Harraby sports group to include sports development to drive the business.

Tenders were received to build the cycleway ramp at Willowholme on 2nd August 2013. All came in over budget. After a value engineering exercise, the lowest tender was still circa £35k over the construction budget of £330k. A new project will be developed in line with the aims and objectives of the s106 funding. Options will be taken through the normal decision making process (update 10 Oct 2013).

PRIORITY - We will work more effectively with partners to achieve the City Council's priorities

The City Council wants to establish Carlisle as a nationally recognised sub-regional capital by becoming an effective partner in the key areas of housing and economic growth.

The Home Improvement Agency (HIA) has helped 73 clients to date including 35 home visits. Work has been delivered under the Electrical Safety Council Grant funding, the Sanctuary Scheme for victims of domestic and sexual violence, and the Keep Safe scheme for victims of anti-social behaviour.

Five volunteers have been recruited with a further eleven volunteers in process under the Community Neighbour programme. Other staff resource issues include the recruitment of a Housing Caseworker, while the position for a Customer Services Apprentice has been advertised. A Graphic Designer has been appointed to develop the marketing of the HIA.

There have been difficulties in initiating the marketing of the managed repair services due to the delay in gaining agreement on a code of conduct with contractors (update 6 Oct 2013).

A HIA case manager software system for case workflow management has been installed and SIG Energy has been selected as Carlisle's ECO provider, potentially leading to an investment of £5m of affordable warmth and energy efficiency measures.

PRIORITY - We will work with partners to develop a skilled and prosperous workforce, fit for the future

The City Council continues to work closely in partnership both locally and regionally.

The City Council continues to work closely with partners through the Carlisle Economic Partnership (CEP). Part of the CEP action plan of key priorities sets out actions to address skills gaps by identifying skills needs for growth and encouraging provision which meets those needs. One of the outputs for this priority is to hold a careers event where young people can meet representatives of local businesses.

The City Council has worked in partnership to establish a Business Interaction Centre (BIC) at Paternoster Row which opened for business in August 2013. University of Cumbria Business School are based there and activity is about stimulating enterprise. Small businesses are already renting space and there is a waiting list for hot desk spaces.

The Edge initiative is being delivered as part of the Carlisle Growth Hub. This project is a collaboration of Cumbrian Colleges, the University of Cumbria and training providers. It is a Skills Support for the Workforce Project funded by European Social Fund and co-financed by the Skills Funding Agency. This was delivered through the CEP as key priority 1, action 1 for business. There are additional actions within this priority which will continue to engage partners in exploring options for funding or opportunities to support business growth. For example, the City Council is supporting the Knowledge Transfer Project which will help maximise the potential of 'e'-commerce by supporting local retailers (SMEs) and especially independents to make use of the internet to promote and grow their business. This two year project will support businesses to develop specific products together with experts from the University of Cumbria with the aim of maximising the use of proposed City Centre WiFi, using apps, for example, to support the local economy.

PRIORITY - Together we will make Carlisle clean and tidy

The City Council recognises the shared responsibility between it and the community and is committed to a pro-active approach to making Carlisle a place that its residents can be proud of.

Clean up Carlisle

An update from the Enforcement and Education Team is provided on the next page. Presentations have also been given to 1200 junior school children and an anti-litter project has been carried out with 230 Year 7 students.

A new tactic of 'bagging and flagging' dog waste has been used to draw attention to the problem in specific areas such as Hammond's Pond. As the small flags draw attention to the dog waste, owners are more likely to clear up after their dog.

A new batch of 30 litter bins has been delivered with built-in ashtray to catch smoking-related litter. These will replace existing bins as they become unserviceable.

Public Realm Improvements – Castle Street / Historic Quarter

Slight amendments have been made to the draft traffic order to ensure accuracy, following discussions with the County Council. The City Council will now carry out the consultation once the draft is completed. Formal objections will be considered by the Highways and Transport Working Group on 16th December with formal approval by the Local Committee on 23rd January 2014 (update 9 Oct 2013).

Enforcement Update 2013/14 to end of September

Enforcement Area	Year to Date
Dog Fouling	
No. of Dog Fouling Complaints received	281
No. of Dog Fouling Fixed Penalties Issued	22
No. of Dog Fouling Prosecutions	8
No. of Fixed Penalties Issued for failing to keep a dog on a lead	7
No. of Prosecutions for failing to keep a dog on a lead	3
Fly Tipping	
No. of Fly Tipping Complaints received	174
No. of Fly Tipping Prosecutions	1
Litter	
No. of Littering Fixed Penalties Issued	31
Warning letters issued to Juveniles	5
No. of Littering Prosecutions	1
Fly Posting	
No. of Warnings delivered for Fly Posting	7
No. of Fixed Penalties Issued	8
Waste Receptacles	
No. of Waste Receptacle Complaints received	54
No. of Fixed Penalties Issued	8
No. of Waste Receptacle Prosecutions	1

There are also prosecutions pending for the following:

Fly Tipping/Duty of Care x 1

Dog Fouling x 1

Dogs off lead x 4

Litter x 3

Waste Receptacles x 1

PRIORITY - We will address Carlisle's current and future housing needs

The City Council recognises the need to provide several hundred homes per year to support economic growth. It is committed to planning for this future housing need by working with key partners to ensure that these plans deliver high quality homes that are affordable, energy efficient and sustainable.

The Council's Housing Strategy is key to this priority. Under this strategy are several programmes focusing on certain areas.

Delivery of the Affordable Housing Programme:

Riverside has reached agreement with Lovell to deliver and manage 37 affordable homes in the Raffles area at Dalton Avenue. A planning application was submitted on 23rd July 2013 for these properties; 23 two-bed homes, 6 three-bed homes, 4 four-bed homes and 4 two-bed bungalows. An early timetable anticipates that contracts will be exchanged by winter 2013, with a start on site by February 2014. The programme has a tight timeframe of completion by 31st March 2015 in order to meet the stipulation of the Homes and Communities Agency (HCA) funding.

Empty Homes:

The Cluster of Empty Homes Scheme has approved 13 grants (target is 45) having committed £64,579 of grant.

Twenty six live applications are being progressed by clients, while new enquiries continue to be inspected (update 14 Oct 2013).

By the end of September 2013 the YMCA were due to have delivered 20 units (four have been delivered, another ten are in progress). The overall target is to deliver 45 units by the end of December 2014 (i.e. five per quarter). A meeting with Carlisle YMCA will be held during October to discuss ensuring that targets are reached. The impact of a loss of funds by the YMCA (funded by Tribal) to deliver their grant scheme is outside of the control of Carlisle City Council (update 10 Oct 2013).

Gypsy and Traveller Transit Site:

Delivery of the transit site is an integral part of the City Council's contract with Homespace. Progress has been slow to date but planning permission has now been granted and, as per the contract, Homespace now have eight weeks to deliver the hard standing. A staged timetable is in place for the remaining development.

Report to Executive	Agenda Item: A.15
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Meeting Date: 16 December 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: No
 Within Policy and Budget Framework: YES
 Public / Private: Public

Title: SALARY SACRIFICE CAR SCHEME
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD61/13

Purpose / Summary:

At its meeting on 12 November 2013, the Employment Panel were asked to consider, for consultation, the implementation of a Salary Sacrifice Car scheme. Details of the proposal are given in the attached report together with the minutes from the Employment Panel Meeting.

In order to progress the implementation of the scheme, the Executive is required to give approval to incur expenditure which is then fully recharged to the employee taking up the benefit.

Recommendations:

The Executive is asked to:

- (i) Give approval for the Salary Sacrifice for Cars Scheme to incur expenditure that will then be fully recovered from the member of staff taking up the benefit.

Tracking

Executive:	16 December 2013
Overview and Scrutiny:	n/a
Council:	n/a

1. BACKGROUND

- 1.1 The Employment Panel considered the introduction of a Salary Sacrifice Car Scheme at its meeting on 12 November 2013 and gave in principle decisions to approve the scheme for implementation subject to authority to incur expenditure being granted by the Executive. The report is attached at **Appendix 1**.
- 1.2 The scheme will require the Council to incur expenditure up front that will then be recovered from employees pay via monthly deductions, therefore operating at nil cost to the Council.

2. SALARY SACRIFICE CAR SCHEME

- 2.1 The requirement for the Salary Sacrifice Car scheme will see the Council enter into contract hire agreements with the chosen vehicle supplier, and back-to-back contract hire agreements with the employee. The Council will pay monthly invoices for the vehicles and will recover this cost in the same month from the employee. The Council has the opportunity with this scheme to make savings from both National Insurance contributions and mileage claims. Based on take-up experienced where the scheme has been implemented elsewhere savings could range from £600 per year per vehicle to over £1,000 per year per vehicle.
- 2.2 The risks associated with the scheme, e.g. early termination charges, sickness cover etc are engineered in to the pricing the employee pays so the risk to the Council of potential costs is minimal or non-existent.

3. CONSULTATION

- 3.1 Employment Panel considered the scheme at their meeting of 12 November 2013, and consultation has taken place with staff and Unions.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Executive is asked to:
- (i) Give approval for the Salary Sacrifice for Cars Scheme to incur expenditure that will then be fully recovered from the member of staff taking up the benefit.

Contact Officers: Emma Titley
Steven Tickner

Ext: 7597
7280

Appendices attached to report: Appendix 1 – Employment Panel Report – Salary Sacrifice Car Scheme

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

Economic Development – not applicable

Governance – The proposed scheme will either be classed as forming part of staffs’ terms and conditions of employment or be a discretionary benefit with the right reserved by the Council to withdraw the scheme. If the latter is the chosen option then this should be explicitly stated in documentation. The Salary Sacrifice Car Scheme will need to be underpinned by an agreement between the Council and the employee to cover, for example, repayment of funding should the employee leave the employment of the Council during the relevant period

Local Environment – not applicable

Resources - The proposed scheme will require the Council to run a mini competition on the Sector Salary Sacrifice Car Scheme framework agreement which will be accessed via a one off payment of £1,500. The Council will then appoint a preferred supplier to work in partnership with to deliver the scheme. The scheme will require the Council to enter into contract hire arrangements for the supply of chosen vehicles, but these will be mirrored by agreements with the member of staff, meaning that the outlay made by the Council is fully recovered from the employee. The scheme is to be designed so as to be of minimal risk to the Council with the cost of covering these risks passed on to the employee. The scheme will generate national insurance savings for the Council for every vehicle provided, and as vehicles will be taxed on BiK rates for HMRC purposes, mileage rates paid will be significantly lower than those payable to employees using a vehicle not procured through this scheme. Therefore, significant savings will accrue to the Council through the introduction of the scheme although how much this will be will be dependent upon participation.

Subject to approval by the Employment Panel, the Executive will need to give approval for the Council to incur the expenditure associated with this scheme although this will be fully recovered from employee salary reductions.

Consultation will provide employee feedback regarding the introduction of the scheme and anticipated support. This is a new initiative and Carlisle City Council will be the first in Cumbria to introduce such a scheme thus demonstrating the proactive approach to enhancing workforce benefits and contribution to attracting new recruits.

Report to Employment Panel

Agenda Item:

Meeting Date: 12 November 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: Not Applicable:
 Within Policy and Budget Framework NO
 Public / Private Public

Title: SALARY SACRIFICE CAR SCHEME
 Report of: ORGANISATIONAL DEVELOPMENT MANAGER / DIRECTOR OF RESOURCES
 Report Number: RD57/13

Purpose / Summary:

This report outlines a proposal to introduce a Salary Sacrifice Car Scheme for employees that will allow the Council to make financial savings from National Insurance contributions and mileage reimbursements, and be nil cost to the Council to operate.

Recommendations:

Employment Panel are asked to approve, in principle, the introduction of a Salary Sacrifice Car Scheme for employees subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

Tracking

Employment Panel:	12 November 2013
Executive:	16 December 2013

1.0 Background

- 1.1 The Council has been increasing the non-salary benefits it offers to staff over the past few years. This has included offering various 'Salary Sacrifice' schemes, such as Childcare Vouchers and Cycle to Work for the provision of bicycles.
- 1.2 Salary sacrifice schemes have become an increasingly popular way of providing enhanced benefits to staff, with schemes able to be implemented at no cost to the employer and offer the opportunity to make savings in times when financial pressures are increasing, they are a way of improving the offer to staff for retention and recruitment purposes. These schemes can be offered by any employer and are not specific to the public sector.
- 1.3 There are a wide range of benefits organisations can offer to their staff which support engagement in the workplace. Effective pay and reward strategies, together with initiatives including flexible working, offers on goods and services, recognition of achievement and learning and development opportunities contribute to successful recruitment and retention.
- 1.4 With this in mind, this report outlines a proposal to introduce a Salary Sacrifice Car Scheme for Carlisle City Council.

2.0 The Principles of Salary Sacrifice Car Schemes

- 2.1 Salary Sacrifice Car Schemes have become more popular with the changes to Benefit in Kind (BiK) tax on cars in 2008, which continues to favour low emission cars with lower levels of Benefit in Kind tax. Low emission vehicles benefit the most from these schemes.
- 2.2 From the Council's perspective, a Salary Sacrifice Car Scheme allows it to provide an additional benefit to the employee at no additional cost or, depending on how the scheme is set up, with the potential to achieve savings. This is made possible by the employee covering all the costs associated with the vehicle which results in the Council paying reduced national insurance contributions on the amount of salary sacrificed by the employees. This would equate to 10.4% of the amount salary sacrificed by the employee. This amount can be taken as savings. **Therefore, these schemes are run at no cost to the Council.** The full cost of the vehicle is recharged to the employee.
- 2.3 The employee gives up a proportion of salary in return for the provision of a "car". With a Salary Sacrifice Car Scheme the vehicles are taxed by HMRC based on the

Benefit in Kind tax liability (BiK) for the employee. However, the advantage for the employee with a Salary Sacrifice Scheme is that the reduction in gross salary (which covers all the costs of the vehicle) results in savings on income tax and national insurance contributions which more than offset the BiK liability.

- 2.4 For example, a low emissions car may attract a BiK rate of 13%. The employee would not pay tax at 20% and national insurance (NI) at 10.8% on the amount 'sacrificed', effectively saving the difference between the BiK rate of 13% and their marginal tax and NI rate of 30.8% on the amount salary sacrificed. The vehicle is then available to the employee at a competitive rate compared with financing a new car in the retail market.
- 2.5 An additional benefit for the Council is a reduction in the cost of fuel reimbursement via mileage claims. Currently the Council pays 52.2pence per mile for an employee using their own car. This would reduce to 10.3pence per mile if they had a car provided in the Salary Sacrifice Car Scheme.
- 2.6 Employees who are in receipt of an essential user allowance due to the fact that they are required to use their vehicle for work purposes receive a lump sum of up to £963 per annum and can claim mileage at 40.9pence per mile. These employees would still receive their essential user allowance, but again, the mileage rate payable would be 10.3pence per mile.
- 2.7 All employees who take a salary sacrifice car would therefore only be able to claim mileage at the lower car rate of 10.3p per mile. **The reduced mileage payable will allow the Council to make financial savings as detailed in paragraph 4.3.**

3.0 Scheme Providers

- 3.1 There are contract hire companies in the market who provide Salary Sacrifice Car Schemes, however, Sector, who are the Council's Treasury Services Advisors have completed a procurement exercise on behalf of Mid and West Wales Fire Authority to establish a Framework Agreement, which will enable eligible organisations to establish their own Salary Sacrifice Car Schemes as part of their employee benefits packages.
- 3.2 This Framework Agreement is available to the wider public/not for profit sector including Local Authorities, in the United Kingdom and all current and future members of The Procurement Partnership Ltd. Accessing this Framework removes

the necessity for a separate OJEU tender procedure hence cutting out management time and cost.

- 3.3 Sector charge £1,500 to access the framework agreement. Under the terms of the Framework, eligible organisations can select a preferred provider to deliver their scheme through a mini-competition process assisted by Sector. As part of this mini-competition the Council would outline the precise details of how its scheme would operate and any particular details it would like to specify. This can include specifying that providers use local car dealerships to provide the vehicles. This cost can be met from existing budgets.

4.0 Benefits of the Scheme

- 4.1 There are a number of potential benefits from introducing a Salary Sacrifice Car Scheme. These include:

For the Council:

- Savings in Class 1 National Insurance costs on the amount of salary sacrificed. For the Council this would be 10.4% of the salary sacrificed.
- Other savings will accrue from business mileage reimbursement rates
- Reduces some “grey fleet” risks resulting from essential or casual users driving their own cars for business purposes.
- Enables an opportunity to reduce the carbon footprint of business travel. A maximum CO2 emissions level can be specified so as to only allow ‘green’ vehicles.
- A management system which will dovetail with the Employer’s payroll and HR functions.
- Provisions to cover scheme risks such as long-term sickness, maternity leave and early termination.

For the Employee:

- The employee pays for the rental before tax and NI deductions meaning a significant tax saving. BIK tax will have to be paid, but for low emission cars there is still a substantial saving.
- Both the employee and spouse/partner have access to new cars of their choice, which are replaced every 3 years or so.
- Cars are acquired on the Council’s purchase discount terms meaning that an individual gets the benefit (through reduced rentals) of a large fleet purchaser
- Credit rating of the employee is not required.
- Employees do not have to find a deposit or use any savings to purchase a car.

- All normal support services are included, such as breakdown recovery, all servicing and maintenance, replacement tyres and annual road tax renewal
- Comprehensive insurance is covered in the rental (including appropriate business use).
- Opportunity to buy the vehicle upon expiry of the agreement period at the current market price.

4.3 The potential savings to the Council from the implementation of the scheme are summarised below:

Casual User @ 500 Business Miles per year			
	Current Arrangements	Salary Sacrifice Car Scheme	Saving
Mileage	260	52	(208)
Employers National Insurance*	373	0	(373)
Class 1A National Insurance	5	0	(5)
	638	52	(586)

Essential User @ 2,000 Business Miles per year			
	Current Arrangements	Salary Sacrifice Car Scheme	Saving
Mileage	818	206	(612)
Essential User Allowance	963	963	0
Employers National Insurance*	373	0	(373)
Class 1A National Insurance	122	120	(2)
	2,276	1,289	(987)

N.B. Both above examples are based on a Renault Clio 1.5tdi, savings will increase with higher value vehicles.

Savings will be dependent upon the type of vehicle taken by the employee, and the amount of mileage undertaken, however, where salary sacrifice car schemes have been implemented elsewhere, a 4-6% take up has been seen. Based on the above example this could equate to between 20 and 30 vehicles being provided through this scheme, so savings to the Council of over **£12,000** per annum would not be unrealistic given this level of participation. It would be proposed that due to the uncertain nature of potential take-up that any savings accrued is taken to salary turnover savings throughout the year.

5.0 Risks Associated with the Scheme

5.1 Running a Salary Sacrifice Scheme is not without risk and issues that need to be managed. However, the scheme can be set up in such a way as to mitigate the impact of most, if not all, of these risks. The main risks/issues include:

For the Employer:

- The salary reduction commensurate with the employee's chosen vehicle may result in a salary below the National Minimum Wage.
Mitigated by – the Scheme Provider will employ a monitoring process within the vehicle quotation system but responsibility for ensuring Employees do not fall below the National Minimum Wage lies with the Council.
- Life-style changes may mean the Council has to cover the costs of leasing the vehicle. For example, the employee may be absent either on maternity leave or through long-term sickness.
Mitigated by – either insurance against these risks provided as part of the rental or by a contingency fund for this purpose (These can be built into the scheme specification). The contingency is funded by adding a small premium to the rentals that is retained by the Council and monitored by both the Council and Scheme Provider.
- Early termination of the vehicle as a result of resignation, redundancy, dismissal or the Employee being removed from the Scheme.
Mitigated by – the insurance provisions or contingency fund outlined above. Alternatively, the agreement with the employee can specify that early termination charges are payable by the employee in all cases except where they are made compulsory redundant or have died in service. It is recommended that this option be applied and insurance is built into the pricing to cover only compulsory redundancy and death in service.
- End of contract charges such as excess mileage or damage recharges.
Mitigated by – Scheme Providers will monitor the running mileage of vehicles provided on the scheme and, where necessary, offer to re-schedule the agreement. This results in a slight increase in the monthly rental where a vehicle shows a trend to run over-mileage, but an excess mileage charge at contract expiry is avoided. It is the responsibility of the employee to settle any recharges for damage to the vehicle but the Framework Providers will waive any such charges up to £150. Damages in excess of this cost will be

recharged to the Council who will need to recover the sums from employees. Increased damage waiver amounts are available in return for additional premiums payable with the vehicle rental.

For the Employee:

- Early termination due to dislike of the vehicle, resignation, change of life-style, total loss etc.
 - Refer to comments above
- End of contract charges such as excess mileage and damage recharges.
 - Refer to comments above

6.0 Scheme Design and Implementation

6.1 The Framework Providers offer a scheme design service for eligible bodies that have no experience of establishing these schemes themselves. However, a number of fundamental policy issues must be decided in order that the selected Provider has clear guidance upon which to base the scheme. These will include:

- Employee grading accommodating National Minimum wage levels.
- Authorisation (sign-off) process and responsibility for each stage of the scheme development.
- Specifying that vehicles are to be sourced from local dealerships who will be able to carry out all onward ancillary services such a servicing.
- Whether to accommodate Scheme risks by insurance or by a managed contingency fund. (e.g. notional fee added on to each employee's payments).
- Policy on charging early termination sums to employees/exemptions
- Whether any policy caps on insurance groups, CO2 levels, P11D values, body styles etc should apply
- Whether to pass on the Class 1A National Insurance costs for the employee associated with a car benefit to the employee (as shown in the examples in Appendix 2). It is recommended that this is applied as this ensures the scheme is no cost to the Council
- Establishing excluded groups from the scheme, e.g. employees on temporary contracts, employees on final written warnings etc.

6.2 Setting the policy and designing this into the scheme are clearly key stages in the establishment of a successful scheme.

6.3 It should be noted that these schemes only work well and only provide significant benefits if employees choose lower valued, lower CO2 emission cars, as that way the BiK they pay is lower.

7.0 Existing Benefits

7.1 Although the officers lease car scheme was ended in 2012, Chief Officers can still take a lease car in lieu of their lump sum car allowance (9.09% of salary). Other designated officers in the Council who are required to use their car for work purposes are paid an essential car user allowance. At present there are two Chief Officers who take a lease car instead of their lump sum allowance.

7.2 The Salary Sacrifice Car Scheme would only be feasible for Chief Officers if the cost of the vehicle was greater than the lump sum car allowance that they would receive. If the cost of the vehicle is lower, then the existing arrangements are more cost effective for the employee and the Council.

7.3 It is therefore recommended that Chief Officers only be able to take a vehicle under Salary Sacrifice terms if the cost of the vehicle is greater than their lump sum allowance.

8.0 Next Steps

8.1 If Employment Panel are supportive of introducing a Salary Sacrifice Car Scheme a consultation period will be held with staff. As part of this consultation, the Executive will be asked to give authority to incur expenditure for the scheme should it be approved. Although the scheme is no cost to the Council, the Council will still have to incur expenditure in paying the costs of the vehicle hire to the scheme provider. These are then recovered from the employee's salary reduction.

8.2 It is recommended that Employment Panel agree in principle the following policy decisions in order to progress a Salary Sacrifice Car scheme:

- That any vehicle taken on as part of this scheme should be used for work purposes for travel within Cumbria and that the mileage rate payable will be the leased car rate;
- That employees classed as Essential Users continue to receive their allowance but mileage will be paid at the lease car rate
- No restrictions as to CO2 levels or vehicle types;
- That scheme risks are covered by additional insurance built into the suppliers pricing for the employee and/or a notional administration fee;

- That the employee is responsible for all early termination charges other than Death in Service and Compulsory Redundancy;
- That Chief Officers can only access the scheme if the cost of the vehicle is greater than their lump sum allowance;
- That the Class 1A National Insurance Contributions payable on Cars is included in the employees costs, thus enabling the scheme to be zero cost to the Council.

9.0 CONSULTATION

9.1 It is proposed to consult with the Consultative Joint Committee and Carlisle City Council staff

10.0 CONCLUSION AND REASONS FOR RECOMMENDATIONS

10.1 Employment Panel are asked to approve, in principle, the introduction of a Salary Sacrifice Car Scheme for employees subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

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	Steven Tickner	7280

Appendices **Appendix 1 – Employee Examples**
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 – not applicable

Economic Development – not applicable

Governance – The proposed scheme will either be classed as forming part of staffs' terms and conditions of employment or be a discretionary benefit with the right reserved by the Council to withdraw the scheme. If the latter is the chosen option then this should be explicitly stated in documentation. The Salary Sacrifice Car Scheme will need to be underpinned by an agreement between the Council and the employee to cover, for example, repayment of funding should the employee leave the employment of the Council during the relevant period

Local Environment – not applicable

Resources – The proposed scheme will require the Council to run a mini competition on the Sector Salary Sacrifice Car Scheme framework agreement which will be accessed via a one off payment of £1,500. The Council will then appoint a preferred supplier to work in partnership with to deliver the scheme. The scheme will require the Council to enter into contract hire arrangements for the supply of chosen vehicles, but these will be mirrored by agreements with the member of staff, meaning that the outlay made by the Council is fully recovered from the employee. The scheme is to be designed so as to be of minimal risk to the Council with the cost of covering these risks passed on to the employee. The scheme will generate national insurance savings for the Council for every vehicle provided, and as vehicles will be taxed on BiK rates for HMRC purposes, mileage rates paid will be significantly lower than those payable to employees using a vehicle not procured through this scheme. Therefore, significant savings will accrue to the Council through the introduction of the scheme although how much this will be will be dependent upon participation.

Subject to approval by the Employment Panel, the Executive will need to give approval for the Council to incur the expenditure associated with this scheme although this will be fully recovered from employee salary reductions.

Consultation will provide employee feedback regarding the introduction of the scheme and anticipated support. This is a new initiative and Carlisle City Council will be the first in Cumbria to introduce such a scheme thus demonstrating the proactive approach to enhancing workforce benefits and contribution to attracting new recruits.

Sector - Salary Sacrifice Framework - Examples

APPENDIX 1

Employee Position

Car	Renault Clio 1.5Tdi			BMW 116dSE 5dr 116hp			Audi A4 Estate Avant 2.0TDi Sline		
Contract Term (Months)	36			36			36		
Contract Mileage (miles p.a.)	10000			10000			10000		
CO2 Emissions (gms/km)	94			117			125		
Company Car Tax Rate	13%	14%	14%	18%	19%	19%	20%	21%	21%
	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16
Salary Sacrifice Car									
Gross salary sacrificed (£ per annum)	-£3,584	-£3,584	-£3,603	-£5,066	-£5,094	-£5,122	-£7,414	-£7,456	-£7,497
20% Marginal Tax Rate									
Less Tax (£ per annum)	£717	£717	£721	£1,013	£1,019	£1,024	£1,483	£1,491	£1,499
Less NI (£ per annum)	£387	£387	£389	£547	£550	£553	£801	£805	£810
Tax on company car benefit (£ per annum)	-£357	-£357	-£384	-£687	-£727	-£767	-£1,152	-£1,212	-£1,273
Net salary sacrificed (£ per annum)	-£2,837	-£2,837	-£2,877	-£4,193	-£4,252	-£4,312	-£6,282	-£6,372	-£6,461
Annual saving to employee									
20% Marginal Tax Rate									
Total tax savings incl. BIK (per annum)	£747	£747	£725	£874	£842	£810	£1,132	£1,084	£1,036
Savings compared with PCP	£776	£776	£735	£1,173	£1,113	£1,054	£1,358	£1,268	£1,178
For Information:									
Personal Contract Purchase									
Annual vehicle cost (Rental)	-£2,932	-£2,932	-£2,932	-£4,629	-£4,629	-£4,629	-£6,742	-£6,742	-£6,742
Estimated Annual Maintenance Cost	-£260	-£260	-£260	-£317	-£317	-£317	-£478	-£478	-£478
Annual insurance	-£420	-£420	-£420	-£420	-£420	-£420	-£420	-£420	-£420
Employee's annual cost of PCP	-£3,612	-£3,612	-£3,612	-£5,366	-£5,366	-£5,366	-£7,640	-£7,640	-£7,640

**EXCERPT FROM THE MINUTES OF THE
EMPLOYMENT PANEL
HELD ON 12 NOVEMBER 2013**

EMP.19/13 SALARY SACRIFICE CAR SCHEME

The Organisational Development Manager presented report RD.57/13 outlining a proposal to introduce a Salary Sacrifice Car Scheme for employees that would allow the Council to make financial savings from National Insurance contributions and mileage reimbursements, and be nil cost to the Council to operate.

The Organisational Development Manager outlined the principles of Salary Sacrifice Car Schemes explaining that, from the Council's perspective, the Scheme allowed the Council to provide an additional benefit to the employee at no additional cost with the potential to achieve savings (depending on how the Scheme was set up). For taxation purposes the vehicles would invoke Benefit in Kind tax liability (BiK) for the employee. The employee would give up a proportion of salary in return for the provision of the salary sacrifice vehicle. The advantage for the employee with a Salary Sacrifice Scheme was that the reduction in gross salary resulted in savings on income tax and national insurance contributions which more than offset the BiK liability.

A further benefit for the Council was a reduction in the cost of fuel reimbursement via mileage claims. The Council paid 52.2pence per mile for an employee using their own car or 40.9pence per mile for essential users. All employees who took a salary sacrifice car would only be able to claim mileage at the lower company car rate of 10.3pence per mile.

The Scheme would be provided through a framework agreement accessed through Sector, the Council's Treasury Services Advisors. The Organisational Development Manager went on to outline the benefits of the Scheme to the Council and to the employee and the potential savings to the Council from the implementation of the Scheme.

A Salary Sacrifice Scheme was not without risk and issues that needed to be managed, however, the Scheme could be set up in such a way as to mitigate the impact of most, if not all, of the risks which had been outlined in section 5.1 of the report.

The Organisational Development Manager reported that, if the Employment Panel were supportive of the introduction of the Scheme, a consultation period would be held with staff. As part of the consultation the Executive would be asked to give authority to incur expenditure for the Scheme should it be approved. It was also recommended that the Employment Panel agree in principle the policy decisions as set out in section 8.2 of the report to progress a Salary Sacrifice Car Scheme.

Members requested that a report be submitted to the Panel in twelve months time giving an update on all of the Employee Benefits that were available and how successful they had been.

RESOLVED – 1) That the introduction of a Salary Sacrifice Car Scheme for employees be approved, including the policy decisions included at 8.2 of report RD.57/13, in principle subject to a consultation process being undertaken with staff and approval for incurring expenditure being requested of and approved by the Executive.

2) That a report be submitted to the Employment Panel in twelve months time reviewing all of the Employee Benefits available.

<h1>Report to Executive</h1>	Agenda Item: A.16
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Meeting Date: 16th December 2013
 Portfolio: Environment and Transport
 Key Decision: Not Applicable:
 Within Policy and Budget Framework YES
 Public / Private Public

Title: CAPITAL RELEASE FOR PLAY AREAS
 Report of: The Director of Local Environment
 Report Number: LE 36/13

Purpose / Summary:

The reports seeks the Executive’s approval of the release of a capital sum for the purpose of replacing an obsolete play area at Dale End Field, London Road, Harraby. The funds were provided under a S106 planning agreement by the developer of the ex-Cavaghan & Gray factory site, London Road. The funds were received by the City Council in 2010 and must be utilised before 2020.

Recommendations:

1. The Executive approves the release of £60,000 from the S106 monies received from Barratt Homes in respect of the Cavaghan & Gray development for the replacement of the children’s play area at Dale End Field, London Road.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

1. BACKGROUND

- 1.1** Dale End Field play area was identified in the 2013 Play Areas Review as being of strategic importance and in poor condition. The play equipment is ageing and the safety surfacing is of variable type and condition. While the play area meets basic safety requirements it has low play value and is therefore underused by local children.

2. PROPOSALS

- 2.1** Having assessed the play area as being of strategic importance, officers then had to consider options for upgrading it. The likely cost (in the region of £75,000) was beyond the scope of regular budgets. However, a Section 106 contribution was made by the developer of the nearby Cavaghan & Gray site in 2010 which is eligible for this purpose. It is proposed that £60,000 from this contribution, already paid to the City Council by the developer, should be used to upgrade the Dale End Field play area. Further contributions have been offered from a number of sources, including the Cumbria Waste Management Environment Fund (Landfill Tax grant).

3. CONSULTATION

- 3.1** Close consultation has been undertaken with the Carlisle South Residents Association, including children and young people, who are closely involved in the design and specification of the play equipment. Procurement of the project will be undertaken by the City Council's project management team under the Council's adopted policies on procurement.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1** The Section 106 contribution accompanying the Cavaghan & Gray development must be expended by 2020 and this scheme meets the criteria under which S106 contributions are given (it is in the proximity of the development and the play area is part of the Public Open Space requirement. The existing play area is in a strategically important location but the current equipment is old and offers limited play value.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 The proposal contributes directly to the aims of

- i) We will develop vibrant sports, arts and cultural facilities...
- ii) We will support growth by ensuring a high quality environment that is attractive to new businesses and residents.

It also contributes to the Healthy City agenda and to the 'Play for Today, Play for Tomorrow' strategy.

Contact Officer: Angela Culleton

Ext: 7325

**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:

- **Carlisle Play Area Review 2013**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance – The relevant funds must be spent in accordance with the terms of the s106 Agreement with Cavaghan & Gray. In addition, where the Council has equipment it must be properly maintained and achieve relevant standards in order that user demands are met and, also, suitable safety standards are achieved

Local Environment –

Resources - The balance of funding received through the Section 106 agreement of £77,750 is held separately within the Councils records. This report requests the release of £60,000 S106 monies to allow the scheme to progress. The capital programme for 2014/15 will need to be increased accordingly. The scheme will be monitored as part of

the usual budget monitoring procedures. If funds are not spent in line with the timescales set out in the agreement, the funds will need to be repaid.