

## **2020/21 BUDGET PROCESS**

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

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

Executive	18 November 2019
Health and Wellbeing Scrutiny Panel	21 November 2019
Economic Growth Scrutiny Panel	28 November 2019
Business and Transformation Scrutiny Panel	3 December 2019
Executive (Special)	9 December 2019
Executive	16 December 2019
Business and Transformation Scrutiny Panel	2 January 2020
Executive	15 January 2020
Council (Special)	4 February 2020



# 2020/21 BUDGET REPORTS

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# Report to Executive

Agenda  
Item:

**A.1**  
**(a)**

Meeting Date: 18 November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2020/21 TO 2024/25  
Report of: CORPORATE DIRECTOR OF FINANCE & RESOURCES  
Report Number: RD.29/19

## Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2019/20, together with base estimates for 2020/21 and forecasts up to 2024/25 for illustrative purposes. Potential new spending pressures, bids and savings are also considered in this report. It should be noted that the figures in this report are indicative and the final position is subject to decisions being taken further in the budget process.  
The report also provides an update on the key budget considerations.

## Recommendations:

The Executive is requested to:

- (i) note the revised base estimates for 2019/20 and base estimates for 2020/21;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures, bids and savings which need to be taken into account as part of the 2020/21 budget process;
- (iv) note the review of the earmarked reserves as outlined in paragraph 9 and Appendix F.

## Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>BTSP 03/12/19; HWSP 21/11/19; EGSP 28/11/19</b>
Council:	<b>4 February 2020 (Budget Resolution)</b>

## **1. INTRODUCTION**

- 1.1. This report considers the revised base estimates for 2019/20 together with the estimates for 2020/21. The report also sets out any known revisions to the Medium-Term Financial Plan (MTFP) projections.
- 1.2. The base estimates have been prepared in accordance with the guiding principles for the formulation of the budget over the next five-year planning period as set out in the following Policy documents that were approved by Council on 10 September 2019:
  - ◆ Medium Term Financial Plan and Charging Policy
  - ◆ Capital Strategy
  - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular, the following are key to the budget process and details on these will be considered as the budget process progresses:
  - Local Government Finance Settlement – announcement of the one-year settlement sum following the 2019 Spending Round;
  - Pension Fund Triennial Revaluation;
  - Further reductions in government grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
  - Future borrowing requirements;
  - Commercial and investment opportunities.
- 1.4. The report draws on information contained in a number of reports that are being considered elsewhere on this agenda. The principal budget reports have been listed in **Appendix A**.
- 1.5. Decisions will need to be made to limit budget increases to unavoidable and high priority issues, together with maximising savings and efficiencies, and probable use of reserves, to enable a balanced budget position to be recommended to Council in February 2020.

## **2. SUMMARY OF BASE BUDGET ESTIMATES**

- 2.1. The base estimates are calculated on the assumption that core services will continue at approved levels incorporating decisions agreed by Council as part of the previous year's budget process and including all subsequent decisions made by Council.
- 2.2. The table below sets out the base level General Fund requirement for 2019/20 and 2020/21 with projections to 2024/25. The 2019/20 variance reflects the use of

earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

	2019/20 Original £000	2019/20 Revised £000	2020/21 Original £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000
Net Base Budget Parish Precepts (PP)	14,028 638	14,589 638	12,814 644	11,808 660	12,251 677	12,397 694	12,764 711
<b>Total</b>	<b>14,666</b>	<b>15,227</b>	<b>13,458</b>	<b>12,468</b>	<b>12,928</b>	<b>13,091</b>	<b>13,475</b>
Original MTFP Projections	14,666	14,666	13,458	12,468	12,928	13,091	13,475
<b>Variance</b>	<b>0</b>	<b>561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Analysis of Variance:</b>							
Non-Recurring:							
GLL Reserve		273					
Planning Services Reserve		(38)					
Revenue Grants Reserve		274					
Flood Reserve		31					
Building Control Reserve		37					
Cremator Reserve		(45)					
Asset Investment Reserve		48					
Carry Forward Reserve		(19)					
<b>Total Variance</b>	<b>0</b>	<b>561</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2.3. Members will be aware from the revenue monitoring report considered elsewhere on this agenda that a number of income streams are reporting variances against projected levels in the current financial year and there may be other cost pressures or savings which may have a recurring impact; however, officers are reviewing the existing base budget provisions to ensure that the services can be provided within these provisions with the position for 2020/21 onwards being considered during this budget process.

2.4. **Appendix B** details the movements between the Original Budget for 2019/20 and the Original Budget for 2020/21 incorporating all decisions made by the Council to date.

### **3. UPDATED MTFP PROJECTIONS**

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

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

	Recurring Commitments (Surplus) £000	Non-Recuring Commitments £000	Carry Forwards £000	Transfers Between Reserves £000	Total £000
2019/20	959	290	407	(736)	920
2020/21	1,458	(431)	0	0	1,027
2021/22	(267)	(61)	0	0	(328)
2022/23	(136)	(70)	0	0	(206)
2023/24	(387)	0	0	0	(387)
2024/25	(353)	0	0	0	(353)

3.2 The main changes to the budget are detailed at paragraph 2. The revised estimates for 2019/20 will be recommended to Council as part of the budget process.

#### **4. OUTSTANDING KEY ISSUES**

##### **4.1. Government Settlement Funding Assessment**

The Council receives core funding allocations from the Government in relation to Business Rates Baseline Funding and other specific grants. 2019/20 was the final year of a four-year funding settlement so the figures incorporated into this report are only estimations of the Business Rates baseline funding level and specific grants that the Council may receive in 2020/21 onwards. Final figures will be received in late December; however, the MHCLG has issued a technical consultation document following the 2019 Spending Round, which sets out the assumptions that may form part of the one-year funding settlement for 2020/21 only.

##### **4.2. Retained Business Rates and Council Tax**

Given that the review into 75% Business Rates Retention Scheme has been deferred, the Business Rate Baseline figure baseline is assumed at an inflationary increase for 2020/21. The impact on the future baseline figures and any new burdens expected as a result of this review are still unknown, but details may be available for next year's budget process. As a result of this deferral, the MHCLG has decided not to revoke the existing legislation governing pooling arrangements, and therefore the Council will continue to be a member of the Cumbria Business Rates Pool for 2020/21, subject to the agreement of all participating members. The financial aspects of continuing with the Pooling arrangements for 2020/21 are set out further in this report.

It is expected that the referendum limit will remain for Council Tax increases, however, District Councils are being given the option of raising Council Tax by the

greater of 2% or £5. Further details on Local taxation are considered elsewhere on this agenda in report RD32/19.

#### **4.3. Pension Fund Triennial Revaluation**

The triennial revaluation of the pension fund is underway and will be effective from April 2020. The Actuarial's draft results will not be available until late November and a further report will be presented to a future meeting on the Executive once these are known; however there are 2 key issues affecting the pension fund which are not likely to be available and which may result in a further interim valuation within the 3 year process; these relate to the impact of the recent McCloud judgement and Cost Cap implications.

#### **4.4. Pay Award 2020/21**

The MTFP currently assumes a 2% pay award increase from 2020/21 onwards; however, negotiations with the Unions are underway but at this point in time, we have no information to gauge what the outcome may be other than the recently agreed Teacher's pay award of 2.75%. An increase of 0.75% equates to an additional £100,000 per annum.

#### **4.5. Resource Assumptions**

Contributions from balances include all approvals to date but make no assumptions on further contributions from balances to support the budget from 2020/21 onwards. The current resources projections assume:

- A £5 (Band D equivalent) Council Tax increase for 2020/21 onwards.
- A Council Tax Surplus for 2020/21 onwards of £50,000. The actual figure for 2020/21 will be available in January.
- Retained business rates are assumed at the Baseline level with an inflationary increase, with an additional sum to be achieved through growth/section 31 grants and from the benefits of Pooling in 2020/21;
- An assumed tax base of 34,189.11 for 2020/21. The final tax base for 2020/21 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2020/21 is for a total of £644,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

- Each 1% (£1.95) movement in Council Tax impacts on the Council by £67,000

- Each £35,000 increase or decrease in expenditure impacts on the Council Tax requirement by £1.

## **5. POTENTIAL NEW SPENDING PRESSURES/BIDS**

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

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

### **5.2 City Centre Business Support – Additional Expenditure - £40,000 non-recurring bid**

This relates to a business support package to support business growth in the city centre, and to ensure the centre remains resilient to the changes on the high street. It comprises of a business rate relief scheme for vacant properties in Castle Street, Lowther Street and Victoria Viaduct with a rateable value of less than £51,000 with other eligibility criteria to be determined; a £5,000 allocation to enable the Council to support business in the development of a BID for the City Centre, if businesses express a wish to proceed with a BID; and a £25,000 allocation to fund a small grant scheme for businesses in the city centre which could be used to support capital works at business premises, with a maximum sum available per business.

### **5.3 Borderlands – Additional Expenditure - £50,000 non-recurring bid**

As a participating member of the Borderlands Partnership, we will be required to contribute to the development and delivery of further work necessary to progress the Growth Deal to a Full Deal; this will include undertaking supporting evidence based work and studies; producing detailed business cases for projects and programmes; establishing future governance arrangements; establishing a communications protocol; and establishing a monitoring and evaluation framework. £50,000 will be required in 2020/21 to support this joint working of the various partners.

### **5.4 Borderlands Programme Management Office – Additional Expenditure - £7,000 increasing to £80,000 recurring bid**

The development and establishment of the Borderlands Programme Management Office (PMO) is seen as best practice in the operation and delivery of growth deals and forms an integral part of the Deal's governance structure and procedures. Amongst other responsibilities, the PMO will be the primary point of contact with the Government Departments and with the Accountable bodies. The costs of running the

PMO will be apportioned on the basis of the share of the Deal funding allocated to each area.

**5.5 St Cuthbert's Garden Village – Additional Expenditure - £75,000 reducing to £60,000 recurring bid**

To fund a formally adopted, appropriate and comprehensive masterplan and delivery strategy for St Cuthbert's Garden Village. In addition to the existing budget of £65,000, a further £75,000 is required in 2020/21 for examination costs associated with the adoption of the Local Plan including a planned joint examination of the Community Infrastructure Levy and the appointment of an independent programme officer (£60,000), external support on technical matters (£40,000), increased capacity within the Investment & Policy Team (£30,000) and an on-going operational budget (£10,000). A further £20,000 is required on an on-going basis to fund technical studies, external support or as match funding to support the Garden Village project.

**5.6 Sexual Assault Referral Service – Additional Expenditure - £20,000 recurring pressure**

This is to provide a permanent contribution towards the Sexual Assault Referral Service; a service led by the Cumbria Police and Crime Commissioner.

**5.7 Income and Budget Monitoring Shortfalls – potential recurring pressures**

The 2019/20 budget monitoring has identified areas where income targets are not being achieved and where there could be a recurring impact from these. These areas cover:

- St Cuthbert's Garden Village CIF developer contributions (Non-recurring) (£50,000)
- Business Interaction Centre – rental income (£55,000)
- Lanes rental income (£275,000)
- Rental Income from other properties (£63,000)
- Land Charges Income (£27,000)
- Market Hall income (£22,000)
- Loss of Supporting People funding (£70,000)
- Carlisle Southern Relief Road developer contributions (£31,000)
- Reduced Income from Recyclates (£183,000)
- Income from advertising (£18,000)
- Development Control Income (£121,000)
- Local Plan Monitoring Fee (£8,000)
- Car Parking income (£150,000)
- Gateway 44 (£125,000)

There are also some items of additional expenditure that have been highlighted as additional pressures:

- Key Cities Membership (£10,000)
- Carlisle Ambassadors (£25,000)
- Civic Centre Portacabin rental (£111,000) non-recurring

## **6. SAVINGS AND ADDITIONAL INCOME PROPOSALS**

6.1 Further savings/additional income have been identified in the budget process for 2020/21 as follows:

### **6.2 LED Footway lighting installation – Additional Income - £26,000 increasing to £46,000 recurring**

The capital programme includes a proposal to install LED lighting at footways as an invest to save scheme and this is the estimated annual savings which will be realised as a result.

### **6.3 Leisure subsidy – Additional Income - £39,000 (2024/25)**

The recurring impact of the subsidy achieved through the re-letting of the Leisure Services contract and the Sands Centre redevelopment. This is based upon the original contract and negotiations are still on-going in terms of assessing the impact of the contract variation as a result of the Sands Development.

## **6.4 Funding streams**

### **6.4.1 Business Rates Pooling**

The Council will continue to be part of the Cumbria Pooling arrangements in 2020/21 now that the MHCLG has agreed not to revoke the current legislation, and all participating members have agreed that the pool continues in its current format. A potential additional sum of £1,500,000 may be factored into the budget as a result for two main reasons: the 2020/21 budget was originally reduced by £850,000 on the assumption that the Pooling arrangements would not continue given the uncertainty over the Fair Funding Review and the Business Rate Retention Review; and the Pool has consistently outperformed budget predictions since it commenced. Therefore £1,500,000 can be factored in on a non-recurring basis for 2020/21.

### **6.4.2 Rural Services Delivery Grant**

The technical consultation issued by the MHCLG recognises the additional cost pressures in rural areas and proposes to roll forward the 2019/20 Rural Services Delivery Grant (RSDG) totalling £81million into 2020/21. This amounts to a one-off grant of £183,700 for the Council in 2020/21.

#### 6.4.3 New Homes Bonus

Similar to the RSDG above, the MHCLG is proposing to retain £900million to fund New Homes Bonus in 2020/21; as this roll forward is for one year only, with any funding beyond 2020/21 subject to the 2020 Spending Review (and possible revisions to the scheme), any allocation for 2020/21 will not result in legacy payments being made in subsequent years.

#### 6.5 Base Budget Review

The continuation of the base budget review has identified some further savings which can be included within the 2020/21 budget process on a recurring basis:

- External Audit Fees - £10,000
- Insurance Tender savings - £72,000
- Inflationary increases - £100,000
- Salary turnover - £100,000

6.6 The current MTFP includes a recurring savings requirement to be found by 2020/21 of £1.129million as set out below. This savings requirement takes no account of the pressures and bids or the additional savings identified above. The net position of the final pressures and savings identified as part of this budget process will require changes to be made to the overall savings target.

Savings Target	Target (£)	Achieved (£)	(Overachieved) /Outstanding (£)
Up to & including 2016/17	23,000	0	23,000
Previous Year Target	706,300	44,000	662,300
<b>Net Recurring Position</b>	<b>729,300</b>	<b>44,000</b>	<b>685,300</b>
Base Budget Review	107,800	59,000	48,800
<b>Net Recurring position 2019/20</b>	<b>837,100</b>	<b>103,000</b>	<b>734,100</b>
To be found from 2020/21 onwards	400,000	4,500	395,500
<b>Total Net Recurring position 2020/21</b>	<b>1,237,100</b>	<b>107,500</b>	<b>1,129,600</b>

## 7. TREASURY MANAGEMENT AND BORROWING

7.1 The Treasury Management projections are being updated to take account of the revised capital programme, including changes to funding and use of revenue reserves. The projections will also take into account the latest projections for interest rates, including the long-term investment in the property fund and re-financing of the stock issue in 2020. The Treasury Management projections are set out elsewhere on the agenda (RD31/19), however these projections will need to be recalculated as

decisions are made during the budget process with regard to contributions to and from reserves which impact on the level of cash forecasts.

## **8. PROJECTED IMPACT ON REVENUE BALANCES**

- 8.1 It should be noted that if all of the potential new Savings and Spending Pressures were accepted then reserves may fall below acceptable minimum levels over the five year period.
- 8.2 The general principles on each of the Reserves are set out in the Medium Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that:

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

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

## **9. REVIEW OF RESERVES AND BALANCES**

- 9.1 The requirement for financial reserves is statutory, with the Local Government Finance Act 1992 requiring authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement
- 9.2 The Local Government Finance Act 2003, adds a further requirement that in the case of a controlled reserve (i.e. one specified by the Corporate Director of Finance and Resources), it is not appropriate for the balance of that reserve at the end of the financial year to be less than the minimum amount determined. It requires the Corporate Director of Finance & Resources to report to the authority if it appears that this is likely to be the case or that a controlled reserve is or is likely to be inadequate, together with the reasons and the action taken.
- 9.3 Whilst it is primarily the responsibility of the local authority and its Corporate Director of Finance and Resources to secure a stable financial position, external auditors

have a responsibility to review the proper arrangements in place which secure financial resilience. In the course of their duties external auditors review and report on the level of reserves taking into account their local knowledge of the authority's financial performance over a period of time. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

- 9.4 CIPFA's view on reserves is that local authorities, on the advice of their finance directors, should make their own judgements on such matters taking into account all the relevant local circumstances, and that such circumstances vary.
- 9.5 Within the City Council, it is the full Council who are responsible for agreeing the level and utilisation of reserves, informed by the advice and judgement of the Corporate Director of Finance and Resources. Where the Corporate Director of Finance and Resources advice is not accepted this should be formally recorded in the Council minute.

## **9.6 Types of Reserves**

9.6.1 Reserves can be held for three main purposes:

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

## **9.7 Current Reserves**

9.7.1 The actual reserves as at 31 March 2019 held by the Council are set out in the following table. Further details of each reserve, including its purpose and how and when it can be used is given at **Appendix F**.

	<b>Balance 31/03/2019 £</b>
<b>General Reserves:</b>	
General Fund Reserve	3,300,000
Projects Reserve	818,000
Carry Forward Reserve	512,000
<b>Earmarked Reserves:</b>	
Transformation Reserve	150,000
Welfare Reform Reserve	200,000
Building Control Reserve	85,000
Apprentices Reserve	54,000
Cremator Replacement Reserve	964,000
City Centre Reserve	9,000
Economic Investment Reserve	6,000
Flood Reserve	2,014,000
Revenues & Benefits Reserve	338,000
Prosecutions Reserve	36,000
Promoting Carlisle Reserve	10,000
Revenue Grants Reserve	1,143,000
Planning Services Reserve	150,000
	<b>9,789,000</b>
<b>Capital Reserves</b>	
Lanes Capital Fund	60,000
GLL Reserve	273,000
Asset Investment Reserve	48,000
	<b>381,000</b>

N.B Balances shown are the rounded balances as per the 2018/19 Balance Sheet.

## **9.8 Review and Potential Release of Reserves**

- 9.8.1 As there are significant budgetary pressures on the Council in the coming years, all reserves have been reviewed to determine if they are adequate, still required and if there are any possibilities for releasing any funds back to General Fund. The use of the emergency element of the General Fund Reserve (currently set at £1million) on the grounds of the protection of persons or property will be the subject of a report to a future Council meeting.
- 9.8.2 **Appendix F** outlines the purpose, management and use of all reserves and provides a proposal as to the future of each reserve.

## **9.9 Other Balances - Provisions**

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

### **9.9.2 Current Provisions**

The table below shows the balances on provisions at 31 March 2019.

	<b>Actual Balance 31/03/2019 £</b>
Business Rate Appeals	1,320,477
Insurance Provision	175,442
Rickergate Ringfenced Account	143,358
Land Charges Provision	59,002
Cemeteries Perpetuity Fund	74,787
Licensing Appeals	20,475
Standards Committee Complaints	10,000
Property Deposits	2,950
Market Hall Deposits	8,322
Enterprise Centre Deposits	9,684
Licensing Deposits	6,883
Bequests	
Local Distress Fund	10,033
Parker Bequest	1,351
District Nursing Bequest	7,195
	<b>1,849,959</b>

## **10. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2020/21 to 2024/25**

10.1 The current budget projections for the next five-year period are challenging and continue to show the requirement for substantial savings to be achieved in order to enable the Council to contain its ongoing commitments within available resources over the lifetime of the MTFP.

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

- 10.3 In terms of expenditure pressures, the significant issue affecting the budget is the uncertainty regarding local government funding in terms of business rate retention and any burdens which may transfer as a result.
- 10.4 The deferral of the Fair Funding Review and the Business Rate Retention Reviews increases the uncertainty in terms of future funding especially from 2021/22 onwards; however, the scope to remain within the Cumbria Pooling arrangements for 2020/21 (if all participating authorities agree) may provide an opportunity, albeit temporary, in terms of increased financial support to the revenue budget from pooling and growth.
- 10.5 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive will make recommendations in this respect in December.
- 10.6 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes.

## **11 CONSULTATION**

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

## **12 RECOMMENDATIONS**

The Executive is requested to:

- (i) note the revised base estimates for 2019/20 and base estimates for 2020/21;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken;
- (iii) note the initial budget pressures/savings which need to be taken into account as part of the 2020/21 budget process.
- (iv) Note the review of the earmarked reserves as outlined in paragraph 9 and Appendix F.

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

- 13.1 To ensure that a balanced budget is set.

**Contact Officer:** Alison Taylor

**Ext:** 7290

**Appendices attached to report:**

- Appendix A – Principal Reports considered in budget process to date**
- Appendix B – Movements between Original budget 2019/20 and Original budget 2020/21**
- Appendix C - Existing Expenditure Commitments**
- Appendix D – Existing Resource Projections**
- Appendix E – Council Reserves**
- Appendix F – Review of Reserves and Balances**

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

- None

#### **CORPORATE IMPLICATIONS:**

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

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

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

**INFORMATION GOVERNANCE** – There are no information governance implications.

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

Report Ref	Date	Title
RD24/19	10/09/19	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2020/21 to 2024/25
RD25/19	10/09/19	Capital Strategy 2020/21 to 2024/25
GD48/19	10/09/19	Asset Management Plan 2020 - 2025
RD29/19	18/11/19	Budget Update – Revenue Estimates 2020/21 to 2024/25
RD30/19	18/11/19	Provisional Capital Programme 2020/21 to 2024/25
GD51/19	18/11/19	Charges Review – Licensing
GD46/19	18/11/19	Charges Review – Governance & Regulatory Services
CS25/19	18/11/19	Charges Review – Community Services
ED36/19	18/11/19	Charges Review – Economic Development
GD62/19	18/11/19	Corporate Assets – 3 Year Repair and Maintenance Programme
RD31/19	18/11/19	Treasury Management Q2 and Forecasts for 2020/21
RD32/19	18/11/19	Local Taxation 2020/21 to 2024/25

**MOVEMENTS BETWEEN ORIGINAL BUDGET 2019/20 & ORIGINAL BUDGET 2020/21**

	£	£
<b>Updated Original Estimate 2019/20</b>	<b>14,028,000</b>	
Carry Forwards 2018/19	<b>(407,000)</b>	
<b>Original Estimate 2019/20</b>		<b>13,621,000</b>
<u>Impact of 2019/20 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
New Homes Bonus	479,700	
Homelessness	(66,000)	
Supporting People Contract	(19,000)	
Carlisle South Masterplan	(70,000)	
Sexual Assault Referral Service Grant	(20,000)	
Pay Award/Living Wage	10,000	
Environmental Clean up & Enforcement Pilot	(60,000)	
IT Strategy & Budget Pressures	(43,800)	
Tullie House Grant	(100,000)	
Leisure Contract Subsidy	(325,200)	
Gateway 44 Income	(124,500)	
Developer Contributions - Carlisle Southern Relief Road	(31,000)	
Members Allowances	(4,500)	
Transformation Savings	4,500	
Treasury Management	(175,400)	
Rural Services Delivery Grant	183,700	
Savings Reprofiling	(400,000)	
Community Infrastructure Levy	30,000	
Levy Account Surplus	50,300	
Asset Disposal Staffing Financed from Capital	(112,000)	
Elections	(80,000)	
Borderlands Inclusive Growth Deal	(50,000)	
Economic Development Initiatives	(250,000)	
		<b>(1,173,200)</b>
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		366,200
<b>Original Estimate 2020/21</b>		<b>12,814,000</b>

**EXISTING EXPENDITURE COMMITMENTS**

EXPENDITURE PROJECTION	2019/20		2020/21 Estimate £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000
	Original Estimate £000	Revised Estimate £000					
<b>Core Expenditure:</b>							
Core Base Expenditure	11,052	11,052	11,016	10,750	11,185	11,552	11,919
Treasury Management	1,715	1,715	1,539	912	1,266	1,345	1,345
Inflation Projection	225	225	367	367	367	367	367
2019/20 agreed Savings	(59)	(59)	(220)	(703)	(1,040)	(1,410)	(1,410)
2019/20 agreed Spending	398	398	543	543	543	543	543
2019/20 Budget Changes	0	0	0	0	0	0	0
<b>Total Core Expenditure</b>	<b>13,331</b>	<b>13,331</b>	<b>13,245</b>	<b>11,869</b>	<b>12,321</b>	<b>12,397</b>	<b>12,764</b>
<b>Non Recurring Exp:</b>							
Pre 2019/20 approvals	(641)	(641)	(696)	(223)	36	0	0
2019/20 agreed Savings	(87)	(87)	0	0	0	0	0
2019/20 agreed Spending	1,018	1,018	265	162	(106)	0	0
Carry Forwards	407	407	0	0	0	0	0
Use of Earmarked Reserves	0	561	0	0	0	0	0
Use of General Fund	0	0	0	0	0	0	0
<b>Total non Recurring Expenditure</b>	<b>697</b>	<b>1,258</b>	<b>(431)</b>	<b>(61)</b>	<b>(70)</b>	<b>0</b>	<b>0</b>
<b>Total City Council Budget Requirement</b>	<b>14,028</b>	<b>14,589</b>	<b>12,814</b>	<b>11,808</b>	<b>12,251</b>	<b>12,397</b>	<b>12,764</b>
<b>Parish Council Precepts</b>	<b>638</b>	<b>638</b>	<b>644</b>	<b>660</b>	<b>677</b>	<b>694</b>	<b>711</b>
<b>Total Requirement</b>	<b>14,666</b>	<b>15,227</b>	<b>13,458</b>	<b>12,468</b>	<b>12,928</b>	<b>13,091</b>	<b>13,475</b>

**EXISTING RESOURCE PROJECTIONS**

RESOURCES PROJECTION	2019/20 Original Estimate £000	2019/20 Revised Estimate £000	2020/21 Estimate £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000
<b>Projected External Finance:</b>							
- Revenue Support Grant	0	0	0	0	0	0	0
- Retained Business Rates (inc Pooling)	(5,139)	(5,139)	(4,311)	(4,413)	(4,483)	(4,555)	(4,628)
- Surplus on Collection Fund	(50)	(50)	(50)	(50)	(50)	(50)	(50)
- C/Tax for Parish Precepts	(638)	(638)	(644)	(660)	(677)	(694)	(711)
- Council Tax Yield	(7,183)	(7,183)	(7,426)	(7,673)	(7,924)	(8,179)	(8,439)
<b>Total Income based on £5 Tax increase Projections</b>	<b>(13,010)</b>	<b>(13,010)</b>	<b>(12,431)</b>	<b>(12,796)</b>	<b>(13,134)</b>	<b>(13,478)</b>	<b>(13,828)</b>
<b>Plus Approved Contributions from Balances:</b>							
- Pre 2019/20 non- recurring commitments	(290)	(290)	431	61	70	0	0
- Pre 2019/20 recurring Carry Forwards	(959)	(959)	(1,458)	267	136	387	353
	(407)	(407)	0	0	0	0	0
Use of Earmarked Reserves	0	(561)	0	0	0	0	0
Use of General Fund	0	0	0	0	0	0	0
<b>Total Use of Reserves</b>	<b>(1,656)</b>	<b>(2,217)</b>	<b>(1,027)</b>	<b>328</b>	<b>206</b>	<b>387</b>	<b>353</b>
<b>Total Projected Resources</b>	<b>(14,666)</b>	<b>(15,227)</b>	<b>(13,458)</b>	<b>(12,468)</b>	<b>(12,928)</b>	<b>(13,091)</b>	<b>(13,475)</b>

**COUNCIL RESERVES**

Analysis of Council Reserves	Outturn 31 March 2019 £000	Projected 31 March 2020 £000	Projected 31 March 2021 £000	Projected 31 March 2022 £000	Projected 31 March 2023 £000	Projected 31 March 2024 £000	Projected 31 March 2025 £000
<b>Revenue Reserves</b>							
General Fund Reserve	(3,300)	(3,150)	(2,123)	(2,451)	(2,657)	(3,044)	(3,397)
Projects Reserve	(818)	0	0	0	0	0	0
Carry Forward Reserve	(512)	(531)	(531)	(531)	(531)	(531)	(531)
	<b>(4,630)</b>	<b>(3,681)</b>	<b>(2,654)</b>	<b>(2,982)</b>	<b>(3,188)</b>	<b>(3,575)</b>	<b>(3,928)</b>
Flood Reserve	(2,014)	(1,983)	(1,983)	(1,983)	(1,983)	(1,983)	(1,983)
Transformation Reserve	(150)	0	0	0	0	0	0
Building Control Reserve	(85)	(48)	(48)	(48)	(48)	(48)	(48)
Cremator Reserve	(964)	(1,009)	(1,009)	(1,009)	(1,009)	(1,009)	(1,009)
Economic Investment Reserve	(6)	(6)	(6)	(6)	(6)	(6)	(6)
City Centre Reserve	(9)	(9)	(9)	(9)	(9)	(9)	(9)
Welfare Reform Reserve	(200)	0	0	0	0	0	0
Revenues & Benefits Reserve	(338)	0	0	0	0	0	0
Revenue Grants Reserve	(1,143)	(869)	(869)	(869)	(869)	(869)	(869)
Planning Services Reserve	(150)	(188)	(188)	(188)	(188)	(188)	(188)
Promoting Carlisle Reserve	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Apprentices Reserve	(54)	(54)	(54)	(54)	(54)	(54)	(54)
Prosecutions Reserve	(36)	(36)	(36)	(36)	(36)	(36)	(36)
<b>Total Revenue Reserves</b>	<b>(9,789)</b>	<b>(7,893)</b>	<b>(6,866)</b>	<b>(7,194)</b>	<b>(7,400)</b>	<b>(7,787)</b>	<b>(8,140)</b>
<b>Capital Reserves</b>							
Usable Capital Receipts	0	0	0	0	0	0	0
Asset Disposal Reserve	0	0	0	0	0	0	0
Unapplied capital grant	(136)	(112)	(112)	(112)	(112)	(112)	(112)
Asset Investment Reserve	(48)	0	0	0	0	0	0
GLL Reserve	(273)	0	0	0	0	0	0
Lanes Capital Reserve	(60)	(75)	(90)	(105)	(120)	(135)	(150)
<b>Total Capital Reserves</b>	<b>(517)</b>	<b>(187)</b>	<b>(202)</b>	<b>(217)</b>	<b>(232)</b>	<b>(247)</b>	<b>(262)</b>
<b>Total Usable Reserves</b>	<b>(10,306)</b>	<b>(8,080)</b>	<b>(7,068)</b>	<b>(7,411)</b>	<b>(7,632)</b>	<b>(8,034)</b>	<b>(8,402)</b>
<b>Other Technical Reserves (i)</b>	<b>(99,458)</b>						

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

**RESERVES**

<b>Reserve</b>	<b>Actual Balance 31/03/19</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>	<b>Estimated Balance 31/03/20</b>
<b><i>Capital Reserves</i></b>					
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	Although standing at a nil balance; this reserve is still required	0
GLL Reserve	273	Re-designated to provide funds to support the Sands Development Capital Scheme as agreed by full Council in April 2019.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.	This reserve has been released in 2019/20 as a funding source for the Sands Development. The Reserve can now be deleted.	0
Lanes Capital Reserve	60	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required	75

Reserve	Actual Balance 31/03/19	Purpose	Conditions of Use	Future of the Reserve	Estimated Balance 31/03/20
Asset Investment Reserve	48	Re-designated to support property initiatives and now forms part of the Carry Forward Reserve.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for the property initiatives. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive	This reserve has been released in 2019/20 and added to the Carry Forward Reserve to support property initiatives and can now be deleted.	0
<b>Revenue Reserves</b>					
General Fund Reserve	3,300	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on:</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration</p>	This reserve is still required and will be reviewed during the budget process.	3,150

Reserve	Actual Balance 31/03/19	Purpose	Conditions of Use	Future of the Reserve	Estimated Balance 31/03/20
			<p>of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>		
Projects Reserve	818	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.</p>	This reserve is still required and will hold any surplus balance above the minimum general fund balance.	0

Reserve	Actual Balance 31/03/19	Purpose	Conditions of Use	Future of the Reserve	Estimated Balance 31/03/20
Carry Forward Reserve	512	<p>To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will, if possible, be funded from base budgets but can be called from this reserve if the section is likely to be in an overspend position at year end:</p> <p>£439,000 Property Initiatives £20,000 Planned &amp; Reactive Maintenance £45,100 Planning Post £7,800 CCTV post removal</p>	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	This reserve is still required to provide funding for specific projects which have been carried forward from previous years. £48,000 has also been transferred into this reserve from the Asset Investment (Capital) Reserve; with £29,000 being released to fund the Planning post.	531
Building Control Reserve	85	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required and can only be utilised for Building Control costs.	48
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of	This reserve is dormant pending any future use.	0

Reserve	Actual Balance 31/03/19	Purpose	Conditions of Use	Future of the Reserve	Estimated Balance 31/03/20
			property. Approval to release funds from the reserve can only be given by the Executive of the Council.		
Transformation Reserve	150	Released to the General Fund Reserve in 2019/20; with any future one-off costs associated with transformation projects to be met from departmental budgets or savings generated by accepting any requests for VR/ER, subject to an agreed payback period.	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been released in 2019/20 and added to the General Fund Reserve to support the revenue budget.	0
Cremator Reserve	964	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required and will continue to be increased until such time the cremators require replacement. There may be funding opportunities to develop for the cremators that could potentially release some of this reserve, e.g. leasing or capital financing	1,009
Welfare Reform Reserve	200	Released to the General Fund Reserve in 2019/20; should there be any requirement to fund costs associated with Universal Credit, these would be met from departmental budgets.	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been released in 2019/20 and added to the General Fund Reserve to support the revenue budget.	0
Car Park Enhancement Reserve	0	To meet future Car Park Enhancements & Land Drainage improvements	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve was fully spent in 2018/19 and used to support the Capital Programme. Currently dormant pending any future use.	0

<b>Reserve</b>	<b>Actual Balance 31/03/19</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>	<b>Estimated Balance 31/03/20</b>
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still required	6
City Centre Reserve	9	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still available to support the 2019/20 new Christmas Lighting contract.	9
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is dormant pending any future use	0
Flood Reserve	2,014	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required and will be utilised to support reinstatement of assets	1,983
Prosecutions Reserve	36	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder &	This reserve is still required	36

<b>Reserve</b>	<b>Actual Balance 31/03/19</b>	<b>Purpose</b>	<b>Conditions of Use</b>	<b>Future of the Reserve</b>	<b>Estimated Balance 31/03/20</b>
			Corporate Director of Finance and Resources.		
Promoting Carlisle Reserve	10	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Corporate Director of Finance and Resources.	This reserve is still required	10
Revenues & Benefits Reserve	338	Released to the General Fund Reserve in 2019/20.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Corporate Director of Finance and Resources.	This reserve has been released in 2019/20 and added to the General Fund Reserve to support the revenue budget.	0
Revenues Grants Reserve	1,143	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	Use of the reserve is determined by the conditions associated with the grants held in it. There may be opportunities to substitute this funding for Council base budgets on a non-recurring basis that would realise a general fund saving.	869
Planning Services Reserve	150	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required	188

Reserve	Actual Balance 31/03/19	Purpose	Conditions of Use	Future of the Reserve	Estimated Balance 31/03/20
Apprentice Reserve	54	To establish a reserve for the committed balances from the annual Apprentice Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required	54
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is dormant pending any future use	0

### **Provisions**

Provision	Balance 31/03/19	Purpose	Future of the Provision
Business Rate Appeals	1,320	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.

Provision	Balance 31/03/19	Purpose	Future of the Provision
Insurance Provision	175	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Rickergate Ringfenced Account	143	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.
Land Charges Provision	59	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	£72,000 of this provision has been released for initiatives agreed in 2018/19. The balance on this provision is still required.
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	3	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required

<b>Provision</b>	<b>Balance 31/03/19</b>	<b>Purpose</b>	<b>Future of the Provision</b>
Market Hall Deposits	8	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	10	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

# Report to Executive

**Agenda  
Item:**  
**A.1(b)  
(i)**

Meeting Date: 18<sup>th</sup> November 2019  
Portfolio: Environment & Transport & Culture, Heritage & Leisure  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CHARGES REVIEW REPORT 2020/2021 – COMMUNITY SERVICES  
Report of: The Deputy Chief Executive  
Report Number: CS 25/19

## Purpose / Summary:

This report sets out the proposed fees and charges for 2020/21 relating to those services falling within the Community Services Directorate.

## Recommendations:

The Executive is asked to

- (i) Review the proposed charges as set out in the body of this report and relevant appendices with effect from 1st April 2020 noting the impact these will have on income generation as detailed within the report.
- (ii) Make this report of proposed charges available to relevant Scrutiny Panels for their review and comment.

## Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>B&amp;TSP 3 December 2019 EGSP 28 November 2019 H&amp;WSP 21 November 2019</b>
Council:	

## 1. BACKGROUND

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

## 2. CORPORATE CHARGING POLICY 2020/21 TO 2024/25

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at **Appendix 14**, was approved by the Executive on 19 August 2019 and approved by Full Council on 10 September 2019 and sets out the City Council's policy for reviewing charges. The principal objectives of setting the charges are: -
  - Recovering the cost of service provision
  - Generate surplus income (where permitted)
  - Maintain existing service provision
  - Fund service improvements or introduction of new services(s)
  - Manage demand for service(s)
  - Promote access to services for low-income households
  - Promote equity or fairness
  - Achieve wider strategic policy objectives
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their services or client groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## 3. CITY CENTRE

- 3.1 For 2020/21 it is proposed that the City Council increases its charges for usage of the City Centre by 3%. This uplift should be applied to the full range of uses outlined in the **Appendix 1**.

#### **4. CAR PARKING**

- 4.1 It is proposed that Car Park Pay & Display and Saver Permit Charges for 2020/21 will be increased by 3% as shown in **Appendices 2, 3 & 4**.
- 4.2 Due to the programme of redevelopment at the Sands Centre and the necessity to use car parking spaces for a works compound the Swifts car park will now be open for use Monday to Sunday – charges are outlined in the Appendix.

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

##### **5.1 ALLOTMENTS**

The charge for allotments is based on the size of each plot and it is proposed that the Council increases the current charge to 31p per square metre as per **Appendix 5**. The water charge, which is standard for all plots, will rise by 3% to take account of inflation.

##### **5.2 USE OF PARKS CHARGES**

At present our parks are used for a mixture of charitable, low key, large and commercial events and activities. We are proposing new charges for commercial pitches at events and also for not for profit/charity pitches with banded pricing. The fees proposed in **Appendix 6** all represent 3% inflationary increase designed to help offset the cost of maintenance.

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

##### **5.3 FOOTBALL PITCHES**

For the 2020-21 season, we propose to increase pitch hire fees by a rounded 3% as shown in **Appendix 7**. There will be no change to the dirty pitch penalty charge.

##### **5.4 TALKIN TARN**

It is proposed to increase the fees attributable to Talkin Tarn by 3% in line with inflation costs as shown in **Appendix 8**.

#### **6. BEREAVEMENT SERVICES**

- 6.1 Services provided by the City Council via Bereavement Services represent a significant portion of the Council's annual income. The service currently receives approximately £1.5m per year from cremations and our cemeteries.

- 6.2 The costs associated with providing these services and attending to the maintenance and upkeep of our crematorium and cemeteries continue to rise and accordingly we propose to increase all the charges in this area by 3% in line with expected inflation on costs as shown in **Appendix 9**.

## **7. OLD FIRE STATION, TOURIST INFORMATION CENTRE AND DIGITAL BANNER**

- 7.1 It is proposed that a new schedule for room hire rates at the Old Fire Station introduced, these are shown at **Appendix 10**. A new three tier pricing schedule is proposed to differentiate between Commercial (Ticket Sales), Private and Charity/Not for profit organisations.
- 7.2 A new pricing schedule for the Digital Banner is proposed to manage demand for peak times and to encourage greater use of off-peak slots.
- 7.3 There has been growth in bookings for room hire at the Tourist Information Centre. It is proposed to hold charges for 2020/21 to try and continue to increase occupancy levels. The charges are detailed at **Appendix 10**.

## **8. WASTE SERVICES**

- 8.1 The City Council makes a charge for the supply and replacement of bins and bags for refuse and recycling. These charges encourage residents to look after their bins / bags and support recycling by offering reduced costs e.g. for smaller bins. The charges are detailed at **Appendix 11**.
- 8.2 The City Council is keen to encourage recycling and therefore provides replacement or additional bags and boxes without charge to residents. However, there is a need to charge for the delivery of containers but retain discretion to waive this fee based on individual cases.

## **9. GARAGE**

- 9.1 It is proposed to retain the MOT charge as shown in **Appendix 12**.
- 9.2 It is proposed to offer a discounted rate to Carlisle City Council staff and their family members.

## 10. ENFORCEMENT

- 10.1 Stray Dogs - The Charges reflect the increased cost of providing this service. The kennelling service and out of hours collection is provided by a contractor, the charge to the City Council for this service has increased over time. This is then passed on to the owner of the dog.

It is proposed to retain the charge for repeat incidents as a further deterrent to encourage responsible dog ownership.

The charges are detailed at **Appendix 13**.

## 11. SUMMARY OF INCOME

- 11.1 The original 2019/20 budgets and 2020/21 forecast income levels based upon the current charge structure and forecast volume are as follows:

Service Area	Original Estimate 2019/20 £	MTFP Target 2020/21 £	Original Estimate 2020/21 £	Shortfall or (Excess) over MTFP £
City Centre - Pedestrianisation	35,900	37,000	37,000	0
Dog Policy EPA	9,500	9,800	9,800	0
Bereavement Services	1,489,300	1,533,600	1,533,600	0
Allotments	18,500	19,100	19,100	0
Special Collections	57,200	58,900	58,900	0
Sports Pitches	15,100	4,400	4,400	0
Car Parking	1,213,100	1,244,600	1,094,600	150,000
MOT Testing	6,400	6,500	6,500	0
Assembly Rooms	6,600	6,600	6,600	0
Event Assets	600	600	600	0
Carlisle Focus	2,400	2,500	0	2,500
Advertising	80,800	83,200	32,200	51,000
OFS – Ticket Sales	61,400	67,400	67,400	0

OFS – Room Lettings	13,100	3,200	3,200	0
OFS – Commercial Lettings	3,700	13,700	13,700	0
	<b>3,013,600</b>	<b>3,091,100</b>	<b>2,887,600</b>	<b>203,500</b>
Talkin Tarn Car Park	40,500	41,700	41,700	0
<b>Total</b>	<b>3,054,100</b>	<b>3,132,800</b>	<b>2,929,300</b>	<b>203,500</b>

11.2 The charges highlighted within this report will result in an anticipated level of income of £2,929,300 against the MTFP target of £3,132,800. This represents a shortfall of £203,500 against the MTFP target.

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

12.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1<sup>st</sup> April 2020 noting the anticipated impact these will have on income generation as detailed within the report.

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

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

**Contact Officer: Darren Crossley**

**Ext: 7120**

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

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

- **None**

## **CORPORATE IMPLICATIONS:**

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

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £2,929,300 against the MTFP target of £3,132,800. This represents an overall shortfall of £203,500. A recurring budget pressure in respect of Car Parking Income and Advertising is being considered as part of the 2020/21 budget process.

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

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

CITY CENTRE PROMOTIONAL BOOKING CHARGES					
Event Type	Current Charges 2019/20			Proposed New Charge 2020/21	Comment 2020/21
Charities, Education and Public Information Events	N/A			N/A	
Large Commercial Markets	£1,093 per day			£1,127 per day	
Farmers Markets (e.g. Local Traders)	£17 per stall per day			£17.50 per stall per day	
Large Children's Ride	£94 per ride per day			£97 per stall per day	
Small Children's Ride	£71 per ride per day			£73 per stall per day	
Commercial Promotions	Daily charge per 3m x 3m or 9m² pitch				
	One pitch £66			One pitch £68	
	Two pitches £132			Two pitches £136	
	Three pitches £197			Three pitches £203	
	Four pitches £262			Four pitches £270	
	Max charge £262			Max charge £270	
Large Commercial Promotions	£536 per promotion			£553 per promotion	
Commercial Promotions Cancellations and No Shows	Daily Rate			Daily Rate	Full daily rate of the promotion to cover staffing costs and loss of income
Large Events	£1,093 per day			£1,127 per day	A large event would occupy all available space in the City Centre
Pavement Cafes	Current Charges 2019/20			Proposed New Charge 2020/21	Comment 2020/21
County Council administration fee payable when licence granted	£23			£24	
City Council administration fee, payable annually to cover:-					
- Up to 2 tables and 4 chairs	£130			£134	
- Each additional table and 2 chairs	£38			£39	
- Legal fee for preparation of licence	TBC			£240	
Event Infrastructure	CITY CENTRE EVENT BOOKING CHARGES				
3rd Party Hire	Current Charges 2019/20		Proposed New Charge 2020/21	VAT	Comment 2020/21
Gazebo/Stall Hire (including put up and take down)	£53.00		£55.00	as applicable	
Table	£6.00		£6.50	as applicable	
Events	Current Charges 2019/20	VAT	Proposed New Charge 2020/21	VAT	Comment 2020/21
3m x3m pitch only	£26		£27	N/A	
6m x3m pitch only	£51		£53	N/A	
table and 1 chair	£10		£10	N/A	
3m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£41		£42	as applicable	
6m x 3m gazebo/stall hire (including put up and take down and pitch price), table and chair,	£82		£84	as applicable	
Contribution to generator hire - power up to 5kva	£10		£10	as applicable	
Contribution to generator hire - power up to 10kva	£21		£22	as applicable	
Fireshow (Bitts Park)	Current Charges 2019/21	VAT	Proposed New Charge 2020/21	VAT	Comment 2020/21
Periphery pitches (five available)	£144	-	£148	N/A	NB An occasional street trading licence will be necessary to apply for any of these pitches
Premium pitches (3 available)	£258	-	£266	N/A	

			APPENDIX 2
CAR PARKS TICKET CHARGES			
WEST WALLS			Additional Notes 2020/21
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.60	£2.70	
3 to 4 hours	£3.20	£3.30	
4 to 9.5 hours (New Tariff Band)	£4.00	£4.10	
Early Bird - Pay before 9.30am for the early bird price of £3.5 for 4 to 9.5 hour stay Monday to Friday only	£3.50	£3.60	
CIVIC CENTRE			
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.60	£2.70	
3 to 4 hours	£3.20	£3.30	
4 to 9.5 hours	£10.00	£10.30	
BITTS PARK			
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.60	£2.70	
3 to 4 hours	£3.20	£3.30	
4 to 9.5 hours	£5.00	£5.20	
LOWTHER STREET			
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.60	£2.70	
3 to 4 hours	£3.20	£3.30	
4 to 9.5 hours	£5.00	£5.20	
PADDY'S MARKET			
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.30	£2.40	
4 to 9.5 hours	£2.50	£2.60	
THE SANDS			
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	
Up to 1 hour	£1.20	£1.25	
1 to 2 hours	£2.00	£2.10	
2 to 3 hours	£2.40	£2.50	
3 to 4 hours	£2.90	£3.00	
Over 4 hours	£3.00	£3.10	
Early Bird - Pay before 9.30am for the early bird price of £2.50 to park all day Monday to Friday only	£2.50	£2.60	
Minibuses	£3.50 All Day	£3.60 All Day	

<b>VIADUCT</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge			
Up to 1 hour	£1.20	£1.25			
1 to 2 hours	£2.00	£2.10			
2 to 3 hours	£2.30	£2.40			
3 to 4 hours	£2.70	£2.80			
4 to 9.5 hours	£3.50	£3.60			
Early Bird - Pay before 9.30am for the early bird price of £2.80 for 4 to 9.5 hour stay) Monday to Friday only	£2.80	£2.90			
<b>SWIFT'S BANK</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge	Due to the programme of redevelopment at the Sands Centre and the necessity to use car parking spaces for a works compound the Swifts car park will now be open for use Monday to Sunday .		
Up to 1 hour	£1.20	£1.25			
1 to 2 hours	£2.00	£2.10			
2 to 3 hours	£2.30	£2.40			
3 to 4 hours	£2.90	£3.00			
4 to 9.5 hours	£3.00	£3.10			
<b>CALDEW RIVERSIDE</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge			
Up to 1 hour	£1.20	£1.25			
1 to 2 hours	£1.90	£2.00			
2 to 3 hours	£2.30	£2.40			
3 to 9.5 hours (New Tariff Band)	£2.70	£2.80			
<b>CASTLE</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge			
Up to 1 hour	£1.20	£1.25			
1 to 2 hours	£1.80	£1.90			
2 to 3 hours	£2.20	£2.30			
3 to 9.5 hours	£2.50	£2.60			
Minibuses, Campers, Motor Homes, Caravans and Motor Caravans	£3.50 All Day	£3.60 All Day			
<b>MARKS AND SPENCER CAR PARK</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge			
Monday to Wednesday between 8.30am and 6pm, Thursday between 8:30am and 5pm, Friday to Saturday between 8am and 6:30pm	Up to 1 hour - £1.00	Up to 1 hour - £1.10			
	1-2 Hours £2.00	1-2 Hours £2.10			
Sunday (including Bank Holidays & Public Holidays) between 10:30am and 5pm	Up to 2 hours £2.00	Up to 2 hours £2.10			
<b>TALKIN TARN</b>					
Tariff Band	2019/20 Charge	Proposed 2020/21 Charge			
Monday to Sunday (including Bank Holidays & Public Holidays) between 10am and 6pm	Cars - up to 1 hour £1.10	Cars - up to 1 hour £1.20			
	Cars - over 1 hour £2.25	Cars - over 1 hour £2.30			
	Minibuses - up to 12 hrs £4.50	Minibuses - up to 12 hrs £4.60			
	Coaches - up to 12 hrs £5.60	Coaches - up to 12 hrs £5.80			
<b>ANNUAL MEMBERSHIP PARKING PERMIT</b>	<b>£54.00</b>	<b>£55.00</b>			

CAR PARK PERMIT CHARGES							
Car Park	2019/20 Charges Permits valid work days (5 out of 7)		2019/20 Charges (Equivalent daily charge £)	2020/21 Proposed Charges Permits valid work days (5 out of 7)		2020/21 Proposed Charges (Equivalent daily charge £)	Comments  2020/21
	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	Annual	Monthly	Annual (Daily) charge for pro-rata across range of products	
Civic Centre	-	-	-	-	-	-	
West Walls	-	-	-	-	-	-	
Bitts Park	£650	£63	£2.50	£670	£65	£2.60	
Lowther St	-	-	-	-	-	-	
Paddy's Market	£225	£24	£0.87	£232	£25	£0.90	
The Sands	£520	£50	£2.00	£536	£52	£2.10	
Swifts Bank (subject to availability for public use)	£120	£12	£1.15	£536	£52	£2.10	Car park open to the public 7 days a week- propose to bring in permit charge in line with The Sands
Viaduct	£455	£44	£1.75	£470	£45	£1.80	
Caldew Riverside	£250	£26	£0.96	£258	£27	£0.98	
Castle	£225	£24	£0.87	£232	£25	£0.89	

CAR PARK CHARGES FOR ALTERNATIVE USES					
CAR PARK	2019/20 Charge		Proposed Charge 2020/21		2020/21 Comment
	Essential/ Commercial at current rate	Trading	Essential/ Commercial at current rate	Trading	
Civic Centre	£10.30	N/A	£10.60	N/A	
West Walls	£10.30	P.O.A	£10.60	P.O.A	
Bitts Park	£5.15	P.O.A	£5.30	P.O.A	
Lowther Street	£5.15	N/A	£5.30	N/A	
Paddy's Market	£4.10	P.O.A	£4.25	P.O.A	
The Sands	£4.10	P.O.A	£4.25	P.O.A	
Swifts Bank	£4.10	P.O.A	£4.25	P.O.A	
Viaduct	£4.10	P.O.A	£4.25	P.O.A	
Castle	£3.10	P.O.A	£3.20	P.O.A	
Caldew Riverside	£3.10	N/A	£3.20	N/A	

## ALLOTMENT CHARGES

TYPE OF CHARGE	2019/20 Charge	Proposed Charge 2020/21	2020/21 Comment
Rental	30p per square metre	31p per square metre	
Water Supply	£12.00 for the year	£12.40 for the year	

USE OF PARKS CHARGES					
	2019/20 Charge		Charge 2020/21		2020/21
		LARGE EVENT INC CATERING PER EVENT		LARGE EVENT INC CATERING PER EVENT	
TYPE OF ACTIVITY/EVENT	MINIMUM FEE		MINIMUM FEE		Comment
*Low key' commercial use – *Caterers selling hot & cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.)	£68 per day	N/A	£70 per day	N/A	
*Fun Fairs	1-10 rides/stalls £355 plus VAT per open day 11-15 rides/stalls £485 plus VAT per open day 16-20 rides/stalls £621 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £365 plus VAT per open day 11-15 rides/stalls £500 plus VAT per open day 16-20 rides/stalls £639 plus VAT per open day Over 20 rides/stalls by negotiation	N/A	
*Fun Fairs Building & Derigging Charges	1-10 rides/stalls £88 plus VAT per day 11-15 rides/stalls £121 plus VAT per day 16-20 rides/stalls £155 plus VAT per day Over 20 rides/stalls by negotiation	N/A	1-10 rides/stalls £90 plus VAT per day 11-15 rides/stalls £125 plus VAT per day 16-20 rides/stalls £160 plus VAT per day Over 20 rides/stalls by negotiation	N/A	
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£248 plus re-instatement cost	£241/ per day plus re-instatement cost	£255 plus re-instatement cost	£248/ per day plus re-instatement cost	
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,215 plus re-instatement	£1,179 per customer/per day plus re-instatement costs	£1,251 plus re-instatement	£1,214 per customer/per day plus re-instatement costs	
Fully Commercial Events – takings from sale of consumables (additional charge)	£56 per catering unit	£56 per catering unit	£58 per catering unit	£58 per catering unit	
Commercial pitch (Catering, trade stands etc.)			£55 to £240		Exact price dependent on size of stall and length of event
Charity and not for profit organisations pitch			£25 to £50		
NB The above charges are subject to VAT where applicable.					
Memorialisation in Green Spaces	These are currently dealt with on a case by case basis, in line with Bereavement Services memorialisation charges if applicable. Over time it is intended to develop further opportunities for Memorialisation in Green Spaces to meet the demand from the public.				

FOOTBALL PITCHES CHARGES			
SPORTS PITCHES TYPE OF USE	Existing Charge 2019/20	Proposed Charge 2020/21	Comment
Senior Clubs per match	£68.00	£70.00	3% increase
Junior Clubs per match	£34.00	£35.00	3% increase
<u>Pitch and Accommodation/Season*</u>			
Senior Clubs	£634.00	£653.00	3% increase
Junior Clubs	£191.00	£197.00	3% increase
*Includes use of showers, changing facilities and training room if available			
<u>Pitch Only/Season</u>			
Senior Clubs	£242.00	£249.00	3% increase
Junior Clubs	£73.00	£75.00	3% increase
DIRTY PITCH PENALTY CHARGE TYPE OF USE	Existing Penalty 2019/20	Proposed Penalty 2020/21	Comment
Senior Clubs/match	£80.00	£80.00	No change
Junior Clubs/match	£80.00	£80.00	No change

**TALKIN TARN OTHER ACTIVITIES AND HIRES CHARGES**

<b>TALKIN TARN OTHER ACTIVITIES</b>	<b>2019/20 Charge</b>	<b>Proposed 2020/21 Charge</b>	<b>2020/21 COMMENT</b>
Education Cabin Hire	£36 per half day	£37 per half day	3% increase
	£68 per full day	£70 per full day	3% increase
	£8.10 per hr - min. charge 2 hrs	£8.30 per hr - min. charge 2 hrs	3% increase
The Alex Boathouse Hire	15% of any takings	15% of any takings	
Water Sports Day Permit	£8.10	£8.30	3% increase
Annual Water Sport Permit	£376 (For Groups)	£387 (For Groups)	3% increase
	£130.00 (For Individuals)	£133.00 (For Individuals)	3% increase
Fishing Permit	£3.30 adult per day	£3.40 adult per day	3% increase
	£2.30 child per day	£2.36 child per day	3% increase
	£34 Annual Permit	£35 Annual Permit	3% increase
Annual Registration Fee for Swimming	£11.50 per adult	£11.85 per adult	3% increase

BEREAVEMENT SERVICES CHARGES			
Product/Service	2019/20 Charge	2020/21 Proposed Charge	2020/21 Comment
<b>CREMATION - VAT NOT INCLUDED</b>			
Cremation Stillborn/Child up to 1 month	FOC	FOC	
Cremation 1 month – 17 years	FOC	FOC	
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	845.00	870.00	
Cremation Body Parts, Blocks and Slides	86.00	88.00	
Additional copies of Cremation Certificates	28.00	29.00	
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	28.00	29.00	
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	52.00	54.00	
Additional 40 minute service time for Cremation	136.00	140.00	
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Use of Chapel of Rest/Chilled Storage 24 hours	20.00	20.50	
48 hours	36.00	37.00	
72 hours	50.00	51.50	
Placing of Cremated Remains from away in Garden of Remembrance/Woods	68.00	70.00	
Postage of Cremated Remains (UK)	55.00	56.50	
<b>Containers</b> Plastic Urn	21.00	21.50	
Metal Urn	31.00	32.00	
Casket	47.00	48.50	
Baby Urn	7.60	7.80	
Others			
For Provision of each Bearer at Cremation Service (minimum of 1 member of Bereavement Services staff plus new bier)	20.00	20.50	
<b>BURIAL - VAT NOT INCLUDED</b>			
Interment NVF ,Stillborn or Child up to 1 month	FOC		
Interment of child 1 month to 17 years	FOC		
Interment over 18 years	760.00	780.00	
Interment of child 1 month to 17 years (out of hours: Mon-Sat)	FOC		
Interment over 18 years (out of hours: Mon-Sat)	1014.00	1044.00	
Interment of child 1 month to 17 years (out of hours: Sunday)	FOC		
Interment over 18 years (out of hours: Sunday)	1097.00	1129.00	
Interment of child 1 month to 17 years (out of hours: Bank Hols)	FOC		
Interment over 18 years (out of hours: Bank Hols)	1181.00	1216.00	
Interment of Cremated Remains (Per Set)	231.00	238.00	
Interment of Body Parts, Blocks and Slides	68.00	70.00	
<b>Purchase of Exclusive Right of Burial</b>			
<b>NB Choice of 2 periods: 30 years and 50 years</b>			
<b>30 Year Term</b>			
Grave used for burial of child up to 18 years	73.00	75.00	
Grave used for burial of person over 18 years	721.00	742.00	
Grave used for burial of Cremated Remains	253.00	260.00	
<b>50 Year Term</b>			
Grave used for burial of child up to 18 years	96.00	99.00	
Grave used for burial of person over 18 years	1209.00	1245.00	
Grave used for burial of Cremated Remains	421.00	433.00	

<b>WOODLAND BURIAL</b>			
<b>30 Year Term</b>			
Adult Grave for two burials	562.00	578.00	
Adult Grave for one burial	281.00	289.00	
Grave for Cremated Remains	281.00	289.00	
<b>50 Year Term</b>			
Adult Grave for two burials	933.00	960.00	
Adult Grave for one burial	467.00	481.00	
Grave for Cremated Remains	467.00	481.00	
Recycled Graves			
Adult burial only	698.00	718.00	
<b>Erection of Memorial etc</b>			
Placing a Headstone/Monument to cover <b>one</b> grave space	185.00	190.00	
Placing a Headstone/Monument to cover <b>two</b> grave spaces	371.00	382.00	
Placing a Headstone/Monument to cover <b>three</b> grave spaces	556.00	572.00	
Placing an additional inscription or memorial vase	73.00	75.00	
Replacement of existing Headstone	90.00	93.00	
<b>USE OF BURIAL CHAPELS - VAT NOT INCLUDED</b>			
Richardson Street	136.00	140.00	
Stanwix	136.00	140.00	
<b>MISCELLANEOUS - VAT NOT INCLUDED</b>			
Transfer of Grave Rights/Statutory Declaration	55.00	57.00	
Re turf graves ( <i>at management discretion</i> )	31.00	32.00	
Search Records (with date supplied)	24.00	24.50	
Search Records (no date/vague date supplied)	29.00	30.00	
Seat Maintenance	109.00	112.00	
Discretionary charge to Funeral Directors exceeding allocated service time	68.00	70.00	
Use of organ	23.00	24.00	
Location and on-site identification of grave spaces	38.00	39.00	
<b>MEMORIALISATION FEES – VAT INCLUDED</b>			
<b>Book of Remembrance</b>			
2 line entry	73.00	75.00	
5 line entry	146.00	150.00	
5 line entry + Flower Emblem or Badge	208.00	214.00	
8 line entry	163.00	168.00	
8 line entry + Flower Emblem or Badge	242.00	249.00	

<b>Remembrance Cards</b>			
2 line entry	47.00	48.00	
5 line entry	80.00	82.00	
5 line entry + Flower, Emblem or Badge	151.00	155.00	
8 line entry	102.00	105.00	
8 line entry + Flower, Emblem or Badge	169.00	174.00	
<b>Baby Book of Remembrance</b>			
Per line	11.00	11.00	
Motifs	76.00	78.00	
<b>Granite Plaques</b>			
2 lines inscribed	456.00	469.00	
3 lines inscribed	513.00	528.00	
4/5 lines inscribed	596.00	614.00	
Each reserved line inscribed	97.00	100.00	
<b>Bronze Plaques</b>			
2 up to 4 lines inscribed	443.00	456.00	
Replacement Bronze Plaque	133.00	137.00	
Sheepfold Plaque	405.00	417.00	
<b>Hardwood Seats (inc. 5 years maintenance)</b>			
Hardwood Seat	1238.00	1275.00	
<b>Recording of Cremation Service</b>	68.00	70.00	
<b>Heather Garden Memorials</b>			
Sanctum 2000	1093.00	1125.00	
Extra letters/figures	6.60	6.80	
Replacement Plaque	293.00	302.00	
Memorial Vase and Tablet	603.00	621.00	
Replacement Plaque	281.00	289.00	
New Sanctum 12's	698.00	719.00	
Extra letters/figures	6.60	6.80	
Flower Vase holder	29.00	30.00	
Replacement Plaque	309.00	318.00	
New Octagon Planter Plaques	281.00	289.00	
Replacement Plaque	117.00	120.00	
Mushroom Plaques	281.00	289.00	

APPENDIX 10			
EVENT ASSET CHARGES			
DESCRIPTION	2019/20 Charges	2020/21 proposals	2020/21 Comment
DIGITAL BANNER CHARGES			
Digital Banner commercial peak time 1	£180 -£350 per slot	£212.50	A new pricing schedule is proposed to manage demand for peak times and to encourage use of off peak slots
Digital Banner commercial peak time 2	£180 -£350 per slot	£243.75	
Digital Banner commercial peak time 3 a & b	£180 -£350 per slot	£93.75	
Digital Banner commercial off peak 1 to 4	£180 -£350 per slot	£187.50	
Week - 7 consecutive days	N/A	£1,062.50	
Block bookings of the digital banner get a 10% discount on rates.			
CHARGE FOR CARLISLE FOCUS			
Carlisle Focus Magazine	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	£500-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.	
OLD FIRE STATION CHARGES			
TICKET SALES			
Carlisle City Council Promoted Events & Performances	£0 - £30.00	£0 - £35.00	Ticket prices for events will be considered individually and informed by the artist fees and likely market demand.
ROOM HIRE - THE ENGINE ROOM			
Daytime Rates 9am-6pm (Commercial) - per day	£225.00	£232.00	A new three tier pricing schedule is proposed to differentiate between Commercial (Ticket sales), Private and Charity/Not for profit organisations
Evening rate 6pm-11pm (Commerical) plus McGrews Bistro - per evening	£400.00	£412.00	
Daytime Rates 9am-6pm (Private) - per hour (10% reduction for 6+ hours)	n/a	£31.00	
Evening rate 6pm-11pm (Private) plus McGrews Bistro - per hour	n/a	£62.00	
Daytime Rates 9am-6pm (Charity/Not for profit organisation) - per hour (10% reduction for 6+ hours)	n/a	£15.50	
Evening rate 6pm-11pm (Charity/Not for profit organisation) plus McGrews Bistro - per hour	n/a	£31.00	
ROOM HIRE - MCGREWS BISTRO			
Evening Rate 6pm -11pm (Private function) - per evening	n/a	£100.00	A new rate is proposed to meet demand
Evening Rate 6pm -11pm (Charity/Not for profit organisation) - per evening	n/a	£60.00	

ROOM HIRE - THE GREEN ROOM			
Daytime rate 9am - 5pm (Private)	n/a	£10.00	A new rate is proposed to meet demand
Daytime rate 9am - 5pm (Charity/Not for profit organisation)	n/a	£5.00	
ROOM HIRE - THE PARQUET ROOM			
Daytime Rates 9am-6pm (Private) - per hour (10% reduction for 6+ hours)	£20.00	£21.00	A new three tier pricing schedule is proposed to differentiate between Commercial (Ticket sales), Private and Charity/Not for profit organisations
Evening rate 6pm-11pm (Private) - per hour		£31.00	
Daytime Rates 9am-6pm (Charity/Not for profit organisation) - per hour (10% reduction for 6+ hours)	£15.00	£15.50	
Evening rate 6pm-11pm (Charity/Not for profit organisation) - per hour		£21.00	
Exhibition Space (group or individual) per week	n/a	£150.00 + 20% commission on sales	
Exhibition Space (group or individual) wall space only per week	n/a	£50.00 + 20% commission on sales	
Alongside all the hourly, daytime and evening rates quoted above a further charge will be levied to organisations if their booking requires any staff time for supervising the event, technician duties and set up/take down of furniture / equipment etc. This will be a direct recharge of any hourly rates for staff used. For ticketed performance conducted by a third party a guarantee or door split arrangement is often agreed in lieu of a standard hire fee, it is proposed that the agreement of such deals is delegated to the Deputy Chief Executive.			
COMMERCIAL SPACE/OFFICE LETTINGS			
Unit 2	£1,200 per annum	£1,236 per annum	
Unit 3 (15.5 Metres2 )	£1,200 per annum	£1,236 per annum	
Unit 4 (17 Metres2 )	£1,200 per annum	£1,236 per annum	
Unit 5 (7.5 Metres2 )	£600 per annum	£618 per annum	
Unit 6 (5 Metres2 )	£450 per annum	£463 per annum	
The above can be charged on a monthly basis			
Room Charges and Prices (Internal only)			
The Parquet Room			
Daytime rate 9am-6pm (10% reduction for 6+ hours) - per hour		£10.00	
Evening rate (6pm to 11pm) - per hour		£20.00	
The Engine Room & McGrews			
Daytime rate 9am-6pm (10% reduction for 6+ hours) - per hour		£17.50	
Evening rate (6pm to 11pm) - per hour		£35.00	

TOURIST INFORMATION CENTRE ROOM BOOKINGS			
	2019/20 Charge	2020/21 Charge	
<b>Assembly Room Hire</b>			
Charges per session as follows:-			
Morning Session 9:30am – 1.00pm	£70.00	£72.00	3% increase
Afternoon Session 1.30pm – 5.00pm	£70.00	£72.00	3% increase
All Day 9:30am -5.00pm	£140.00	£144.00	3% increase
Evening 6.30pm – 10.00pm	£70.00	£72.00	3% increase
Afternoon + Evening Session 1.30pm – 10.00pm	£140.00	£144.00	3% increase
Each additional hour	£25.00	£26.00	3% increase
Hourly rate		£31.00	New charge to meet demand
Laptop hire		£5.00	New charge to meet demand
N.B. The following groups and organisations get a discount of 50% for a morning or afternoon session, 30% for an evening session and 50% for double sessions including evenings will be allowed:			
i. Registered Charities			
ii. O.A.P. Groups			
iii. Other community groups e.g. community organisations, unemployed groups etc.			

WASTE SERVICES AND STREET CLEANING CHARGES			
Container Type	2019/20 Charge	Proposed 2020/21 Charge	2020/21 COMMENT
140 litre Refuse Bin (New)	£22.00 delivered	£20.00 delivered	Charge reduced to encourage choice of smaller bins
	£16.00 collected	£15.00 collected	25% reduction if customer is able to collect
240 litre Refuse or Garden Waste Bin (New)	£41.00 delivered	£40.00 delivered	Charge reduced
	£35.00 collected	£30.00 collected	25% reduction if customer is able to collect
140 litre Refuse Bin (Refurbished)	£10.00 delivered	£8.00 delivered	Charge reduced to encourage choice of smaller bin and to select the refurbished alternative to reduce demand for 'new plastic'
	£4.00 collected	£4.00 collected	50% reduction if customer is able to collect and further incentivised to encourage choice of smaller bin to support re-use
240 litre Refuse or Garden Waste Bin (Refurbished)	£21.00 delivered	£20.00 delivered	Charge reduced to encourage choice of the refurbished alternative to reduce demand for 'new plastic'
	£15.00 collected	£15.00 collected	25% reduction if customer is able to collect
Exchange from 140 litre bin to new 240 litre bin. 40 litre bin to be returned and 'traded in'	£31.00 delivered	£32.00 delivered	140 litre bin to be returned and 'traded in' (value £8.00). Charges therefore are £8.00 less than the replacement costs for a new 240litre bin
	£25.00 collected	£22.00 collected	
Exchange from 140 litre bin to Refurbished 240 litre bin. 140 litre bin to be returned and 'traded in'	£11.00 delivered	£12.00 delivered	140 litre bin to be returned and 'traded in' (value £8.00). Charges therefore are £8.00 less than the replacement costs for a refurbished 240litre bin
	£5.00 collected	£7.00 collected	
160 litre Standard Seagull Sack	£18.00 delivered	£18.00 delivered	No change
	£9.00 collected	£9.00 collected	Half-price if collected
90 litre Seagull Sack	£8.00 delivered	£8.00 delivered	No change in price to encourage customers to choose the smaller gull sack and recycle more.
	£4.00 collected	£4.00 collected	Half-price if collected
Box Cover	Free	Free	No change
Recycling Bag (Green)	£2.00 delivered	£2.00 delivered	No change
	Free collected	Free collected	
Recycling Box (Green)	£2.00 delivered	£2.00 delivered	No change
	Free collected	Free collected	
Bulky Waste Collections (3 items)	£23.00	£24.00	Increase by £1.00 (3% )

GARAGE CHARGES			
TYPE OF CHARGE	2019/20 Charge	Proposed Charge 2020/21	2020/21 Comment
MOT Testing	£45.00	£45.00	No change – to be competitive locally
MOT Testing	N/A	£40.00	Discounted rate for Carlisle City Council staff and their family members
Taxi Testing			This is an internal charge to licensing
			Taxi licensing set the rate and charge the taxi drivers as part of their 'annual licence'.
	To be covered by taxi licensing charges	To be covered by taxi licensing charges	
			The charge is being increased which in turn will generate more income for the garage as it is likely that we will be taking on further work:
			• Vehicle inspection
			• Body work inspection
			• COC (certificate of compliance)

ENFORCEMENT CHARGES			
DESCRIPTION OF CHARGE	Charge 2019/20	Proposed Charge 2020/21	COMMENTS 2020/21
<b>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES</b> (Inclusive – VAT not applicable)			
Fly Posting**	£80.00	£80.00	These charges are governed by legislation
Fly Posting – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Fly-tipping - first offence or small fly-tipping incident	£200.00	£200.00	
Fly-tipping - repeat offence or large fly-tipping incident	£400.00	£400.00	
Graffiti**	£80.00	£80.00	These charges are governed by legislation
Graffiti – paid within one week of issue	£60.00	£60.00	These charges are governed by legislation
Waste Receptacles – (CEN)	£80.00	£80.00	These charges are governed by legislation
Waste Receptacles – (CEN)- Paid within 7 days	£60	£60	These charges are governed by legislation
Failure to Produce a Waste Transfer Note	£300.00	£300.00	These charges are governed by legislation
Environmental Protection Act - Litter	Up to £150	£150.00	These charges are governed by legislation
Environmental Protection Act - Litter – paid within one week of issue	£80.00	£80.00	These charges are governed by legislation
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	£80.00	£80.00	These charges are governed by legislation
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00	These charges are governed by legislation
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00	These charges are governed by legislation
Community Protection Notices**	£100.00	£100.00	These charges are governed by legislation
Community Protection Notices** paid within one week of issue	£80.00	£80.00	These charges are governed by legislation
Public Spaces Protection Orders**	£100.00	£100.00	These charges are governed by legislation
Public Spaces Protection Orders** – paid within one week of issue	£80.00	£80.00	These charges are governed by legislation
Abandoned Vehicles FPN	£200	£200	These charges are governed by legislation
Vehicle Release		£45	Fees set by contractor for release of vehicles in car parks
Section 47 Environmental Protection Act 1990		£100	These charges are governed by legislation
Householder Duty of Care FPN		£200	New FPN to deal with householder duty of care.

<b><u>STRAY DOGS</u> (Inclusive – VAT not applicable)</b>	<b>Charge 2019/20 First Incident</b>	<b>Charge 2019/20 Repeat Incident</b>	<b>Proposed Charge 2020/21 First Incident</b>	<b>Proposed Charge 2020/21 Repeat Incident</b>	<b>COMMENTS 2020/21</b>
Day 1	£90.00	£170.00	£95.00	£175.00	The second/repeat incident is to encourage responsible dog ownership and to deter further incidents of dogs roaming. Owners have duty of care to ensure their dog is kept safe and free from harm.
Day 2	£110.00	£190.00	£115.00	£195.00	
Day 3	£130.00	£210.00	£135.00	£215.00	
Day 4	£150.00	£230.00	£155.00	£235.00	
Day 5	£170.00	£250.00	£175.00	£255.00	
Day 6	£190.00	£270.00	£195.00	£275.00	
Day 7	£210.00	£290.00	£215.00	£295.00	
Dog returned directly home (not kennelled)	£45.00	£125.00	£50.00	£130.00	
** The range of penalty charges for these are defined by legislation and range between £50 - £80 or £75 - £80 (waste receptacles) or up to £100 (CPNs and PSPOs)					
+ The charges are defined by legislation					

## **Corporate Charging Policy 2020/2021 TO 2024/25**

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

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

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

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

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

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

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

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

#### **4. Trading**

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

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

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

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

## Report to Executive

**Agenda  
Item:**  
A.1 (b)  
(ii)

Meeting Date: 18 November 2019  
Portfolio: Economy, Enterprise and Housing  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and  
Budget Framework YES  
Public / Private Public

Title: CHARGES REVIEW REPORT 2020/21 - ECONOMIC  
DEVELOPMENT  
Report of: CORPORATE DIRECTOR OF ECONOMIC DEVELOPMENT  
Report Number: ED.36/19

### **Purpose / Summary:**

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

### **Recommendations:**

The Executive is asked to agree the charges as set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2020, noting the impact these will have on income generation as detailed within the report.

### **Tracking**

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>BTSP 03/12/19; EGSP 28/11/19; HWSP 21/11/19</b>
Council:	<b>N/A</b>

## **1. BACKGROUND**

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

## **2. PROPOSALS**

- 2.1** This report proposes the review of charges within Economic Development Directorate and has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.

- 2.3** The charges which have been reviewed, are addressed separately below.

## **3. CORPORATE CHARGING POLICY 2020/21 TO 2024/25**

- 3.1** The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as Appendix 2, was approved by the Executive on 19 August 2019 and Full Council on 10 September 2019 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

- 3.2** The MTFP currently assumes an income target of £749,600 for the financial year 2020/21, reflecting an increase of 3% on 2019/20 base budgets.

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

## **4. PLANNING SERVICES**

### **4.1 Development Control Income**

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

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

**4.3** For 2019/20, the target for income was set at £701,800 and 6 months into the year the predicted annual income is about 50% below target. Given the indeterminate nature of fee income from planning applications it is difficult to predict with accuracy that current budget levels will be achieved from income this year alone. In comparison to last year's budget monitoring there was a smaller deficit 6 months into the financial year which resulted in a year end just above target. It has been noticed that national uncertainty regarding Brexit is having a negative effect on the construction industry which can result in a slowing down of application numbers. On the basis of last year's position, it is envisaged the downward trend will continue and therefore a more realistic income target for Development Control for 2020/21 would be £601,800.

### **4.4 Building Control Income**

Building Control fees, which are ring-fenced, are based on the Fees and Charges Regulation 2010. The new regulations have allowed local authorities discretion to set Building Control Fees however the principal of ensuring cost recovery and ring fencing income to the service remain. Fees are now kept under regular review by the Building Control Service and are set in line with other Cumbrian authorities and the principles of the Fees and Charges Regulations 2010.

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

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

### **4.6 Home Life Grant Scheme**

Building Control are assisting in the delivery of the Home Life Grant scheme providing surveying capacity to the Home Life team in order that they can deliver

improvements to the existing housing stock of Carlisle. This is being provided on a cost recovery basis (not for profit).

#### 4.7 Shop mobility

The shop mobility scheme enables persons including children with any mobility difficulty to access the town centre and all its facilities. Currently there is a nominal administration charge to be a member of the shop mobility scheme which is £10 for 12 months membership and £5 for 6 months membership, the use of scooter and wheelchairs being free irrespective of usage. There are currently proposals to increase this administration charge to £12 for 12 months and £6 for 6 months membership.

#### 4.8 Investment & Policy Income

The decision was taken previously to no longer assume any income from any activities associated with the Local Plan. This position remains, following review, unchanged.

Traditionally income had been generated from general sales including the sale of hard copies of the Plan and occasionally evidence underpinning the Plan which has a commercial value. The Local Plan and its associated documents are now almost exclusively accessed online/electronically with only a sporadic number of sales of hard copies in recent years. This situation is not forecast to change even accounting for the recent (November 2016) adoption of the new Local Plan.

### 5. SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is forecast to generate income of £628,600 which is summarised in the table below:

Service Area	Original Estimate 2019/20 £	MTFP Target 2020/21 £	Original Estimate 2020/21 £	Shortfall or (Excess) over MTFP £
Development Control: Determinations	1,100	1,100	1,100	0
Development Control Fees	701,800	722,800	601,800	121,000
Building Control: Discretionary Charges	25,300	25,700	25,700	0
<b>TOTAL</b>	<b>728,200</b>	<b>749,600</b>	<b>628,600</b>	<b>121,000</b>

- 5.2** The acceptance of the charges highlighted within this report, will result in an anticipated level of income of £628,600 against the MTFP target of £749,600.

## **6. CONSULTATION**

**6.1 Consultation to Date** – None.

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

## **7. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS**

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1<sup>st</sup> April 2020, noting the impact these will have on income generation as detailed within the report.

## **8. CONTRIBTUION TO THE CARLISLE PLAN PRIORITIES**

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

**Contact Officer:** Jane Meek

**Ext:** 7190

**Appendices  
attached to report:**

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

- None

## **CORPORATE IMPLICATIONS/RISKS:**

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

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £628,600 against the MTFP target of £749,600. This represents a shortfall of £121,000 which is being considered as part of the 2020/21 budget process.

**EQUALITY** – None

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

## APPENDIX 1

### PLANNING SERVICES

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

#### General Charges – All Sections

Fee Description	19/20 Charge £	20/21 Charge £	Implement ation Date	% Inc
Supply of decision notices (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning histories (per item)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
Supply of planning documents (per item) i.e. delegated & committee reports, file documents - A4/A3 copying. For Plan copying A2 –A0 see Print Room Services. (VAT payable if supplying an extract of a document)	10p per page (plus postage)	10p per page (plus postage)	08/09/08	0%
A2 Plans	B&W £1.21 per copy Colour £1.35 per copy	B&W £1.21 per copy Colour £1.35 per copy	01/04/2014	0%
A1 Plans	B&W £1.50 per copy Colour £1.77 per copy	B&W £1.50 per copy Colour £1.77 per copy	01/04/2014	0%
A0 Plans	B&W £2.20 per copy Colour £2.70 per copy	B&W £2.20 per copy Colour £2.70 per copy	01/04/2014	0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)	01/04/2014	0%
Information to outside bodies research/survey information etc	£14.00 initial fee & £14.00 each additional hour + copying charges	£14.00 initial fee & £14.00 each additional hour + copying charges	01/04/2014	0%
High Hedges submission fee**	385.00	385.00	01/04/2017	0%

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

## Additional Charges – Building Control

### New Properties

<b>Numbering new streets and naming of properties</b>	<b>Charge 19/20 £</b>	<b>Charge 20/21 £</b>	<b>Increase %</b>
New individual property	43.26	44.55	3
New Street	129.78 for the first 10 units and 8.75 per unit thereafter	133.67 for the first 10 units and 9.0 per unit thereafter	3
Redevelopment of existing building	43.26	44.55	3
Alteration in either street name or property re numbering of a development after initial street name and numbering has been undertaken.	129.78 for the first 10 units and 8.75 per unit thereafter	133.67 for the first 10 units and 9 per unit thereafter	3
Confirmation of postal address to solicitors or conveyances.	21.63	22.28	3

### Existing Properties and Changes of Use

<b>Re numbering and renaming existing properties</b>	<b>Charge 19/20 £</b>	<b>Charge 20/21 £</b>	<b>Increase %</b>
Change of existing house name	43.26	44.55	3
Adding an alias to a numbered property	43.26	44.55	3
Change of building name, flats etc	86.50 + 8.50 per unit	89.09 + 9.0 per unit	3
Request for street name change	216 + 43.26 per property	222.48 + 44.55 per property	3
Request for street numbering where none existed	216 + 43.26 per property	222.48 + 44.55 per property	3
Sub division of existing building into individual units	43.26 + 21.00 per property	44.55 + 22.63 per property	3

### Additional Building Control Discretionary Charges

<b>Building Control/ discretionary charges</b>	<b>Charge 19/20 £</b>	<b>Charge 20/21 £</b>	<b>Increase %</b>
Professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	1 hour 43.26 + VAT	1 hour 44.55 + VAT	3
A site visit together with professional interpretation of Regulations and confirmation in writing as to whether the work undertaken was exempt the Regulations in force at the time of construction.	3 hours 129.80+ VAT	£133.67	3
Demolition notice to be processed and counter notice served within 5 working days.	3 hours 129.80	3 hours 133.67	3

Demolition notice carried out within statutory time period of 6 weeks	Free		
Dangerous structures where formal action is being taken under section 77 and 78 of the Building Act 1984.	During normal working hours 43.26 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.	During normal working hours 44.56 per hour per surveyor. Disbursements for third parties to be on a cost recovery basis.	3

## Shop Mobility

Fee Description	19/20 Charge £	20/21 Charge £	Increase %
Radar Keys*	3.00	3.00	0
12 months membership of shop mobility	10	12	20
6 months membership of shop mobility	5	6	20

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

## Additional Charges – Local Plans

Fee Description	19/20 Charge £	20/21 Charge £	Postage £	Implementation Date	% Inc
* Carlisle District Local Plan 2015 – 2030	15.00*	15.00	3.00	01/04/17	0%
* Carlisle District Local Plan 2015 – 2030 Policies Maps	30.00	30.00	1.50	01/04/17	0%

\* Cost of Adopted Local Plan and associated Policies Map – charging intention is to recover full costs.

All technical studies constitute elements of a comprehensive evidence base which supports the development and implementation of policies within the Local Plan. All documents therefore have to be made publicly available for inspection and increasingly through the website. The Council does not stock hard copies of such reports and instead any requests would necessitate these to be printed in-house with the costs of doing so derived from adopting the rates associated with supplying generic planning documents (e. 10p per page plus postage).

## **APPENDIX 2 – CORPORATE CHARGING POLICY 2020/21 TO 2024/25**

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2020/21 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

- Central government policy objectives

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

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

### **4. Trading**

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

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

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

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

## Report to Executive

**Agenda  
Item:  
A.1 (b)  
(iii)**

Meeting Date: 18 November 2019  
Portfolio: Cross Cutting  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CHARGES REVIEW REPORT 2020/21 - GOVERNANCE AND REGULATORY SERVICES  
Report of: Corporate Director of Governance and Regulatory Services  
Report Number: GD.46/19

### **Purpose / Summary:**

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

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

### **Recommendations:**

The Executive is asked to agree the charges as detailed and set out in the report and accompanying Appendices with effect from 1<sup>st</sup> April 2020 noting the impact these will have on income generations as detailed within the report.

### **Tracking**

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>BTSP 03/12/19; EGSP 28/11/19; HWSP 21/11/19</b>
Council:	<b>N/A</b>

## 1. BACKGROUND

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

## 2. CORPORATE CHARGING POLICY 2020/21 TO 2024/25

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached as **Appendix L**, was approved by the Executive on 19 August 2019 and full Council on 10 September 2019 and sets out the City Council's policy for reviewing charges. The principle objective(s) of setting the charge are:
  - Recover the cost of service provision;
  - Generate Surplus Income (where permitted);
  - Maintain existing service provision;
  - Fund service improvements or introduction of new service(s);
  - Promote access to service for low-income households;
  - Promote equity or fairness;
  - Achieve wider strategic policy objective (e.g. encouraging green policies)
- 2.2 The MTFP currently assumes an income target of £909,200 for the financial year 2020/21 reflecting an increase of 3% on 2019/20 base budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Chief Officers to develop specific principles for their particular service or client's groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

## 3. ENVIRONMENTAL HEALTH & HOUSING:

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

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

- 3.2 **Appendix A** –The Housing Act 2004 places a duty on the City Council to Licence certain types of Houses in Multiple Occupation (HMO). Councils are permitted to charge their administration costs in connection with granting or refusing an HMO licence to a landlord.

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

The projected income for HMO licence fees for 2020/2021 is set out below:

	<b>Number of applications</b>	<b>Income</b>
<b>Projected number of new HMO licence applications. (£567)</b>	5	£2,835
<b>Forecast of renewals of existing HMOs (£357)</b>	15	£5,355
<b>Expected discounts on licence fees (10%)</b>	5 at renewal cost, landlords with National Landlord Association accreditation	(£178.50)
<b>Expected income generation 2020/2021</b>		£8,011.50

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

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

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

The table below outlines the proposed charges for 2020/2021:

<b>Proposed cost of application</b>	£125
<b>Option to fast track application and inspect within 5 working days</b>	£140
<b>Expected income generation 2020/21</b>	£500 (4 visits)
<b>Income Budget 2020/21</b>	£500
<b>Income increase</b>	£0 based on estimate

- 3.4 The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The formula for charging will remain the same, but the hourly cost is updated to reflect hourly rates across Regulatory Services. The hourly rate includes all the expenditure costs in providing the services. The standardised hourly rate for Regulatory Services in 2020/21 is £64.84.
- 3.5 The Housing and Planning Act 2016 allow civil penalties to be imposed by the City Council as an alternative to prosecution for certain housing standard offences. The Executive considered and agreed the civil penalty levels for Carlisle on the 25<sup>th</sup> September 2017 (GD 61/17).
- 3.6 The Housing Grants, Construction and Regeneration Act 1996 enables preliminary or ancillary services and charges in relation to the cost of a Disabled Facilities Grant (DFG) to be considered and approved as part of DFG application. The Housing Renewal Grants (Services and Charges) Order 1996 paragraph 2 specifies what services and charges the applicant is liable to pay. Charges for the delivery of the Mandatory DFGs are contained within **Appendix A**. New charges have been introduced to recover service costs where applications do not proceed and where the client elects not to have works undertaken through the Council's Frameworks of contractors. In both cases significant time can be spent by Housing and Pollution on the DFG applications. Discretionary DFG charges are detailed in **Appendix D**. DFG charges are recovered from the DFG allocation and are included in the final DFG approval, they are not a cost that the applicant must find separate from the grant.
- 3.7 The private water legislation was updated on the 11th July 2018 by the Private Water Supplies (England) (Amendment) Regulations 2018. These Regulations allow the Council to charge above the previously set upper limit. The table below reflects the new maximum charging structure for each activity.

Service	Maximum Fee (£)
Risk assessment (for each assessment)	500
Sampling (for each visit) <sup>1</sup>	100
Investigation (for each investigation)	100
Granting an authorisation (for each authorisation)	
Analysing a sample –	
taken under regulation 10 (for parameters referred to in paragraph (1)(a) to (e) of that regulation)	25
taken during check monitoring	100
taken during monitoring and monitoring under regulation 11	500
<sup>1</sup> No fee is payable where a sample is taken and analysed solely to confirm or clarify the results of the analysis of a previous sample.	

3.8 **Appendix B** includes a new charge to recover the costs to the Council for requests by food business operators to revisit premises for the purpose of re-assessing their food hygiene rating issued under the Food Standard Agency's 'Food Hygiene Rating Scheme' (FHRS). The scheme is delivered by Local Authorities as part of their statutory function to assess food law compliance when inspecting food businesses within the district. This function is undertaken by authorised officers of the Food & Public Protection Team within the Authority. As part of the statutory duty to inspect these businesses, officers use the findings to rate the business on a number of food safety compliance factors, which generates a risk score for the business. Elements of this risk score are then used to calculate their food hygiene rating under the FHRS. It must be noted that the FHRS is currently a non-statutory scheme in England. As part of the scheme, food businesses have the right to request a revisit to have their FHRS score re-assessed. Following legal advice and a successful trial of charging for FHRS re-rated inspection, the Food Standard Agency have revised the national scheme conditions to allow Local Authorities to charge for requested re-rating inspections. This is facilitated by the existing powers under the Localism Act (2011). To ensure a consistent approach to charging throughout the County, a charging methodology was agreed at the Cumbrian Food Liaison Group, which is represented by all six authorities responsible for food law enforcement. The charge of **£203.91**, is set to recover reasonable costs incurred by the authority and includes officer time and travel costs.

- 3.9 The fee for Food Hygiene Training undertaken by officers of the Food & Public Protection Team has been amended to reflect a three-hour training session, rather than an hourly rate. This fee has been calculated using the officer hourly rate of £64.84, and a small administration charge of £2 per candidate to cover training materials (up to a maximum of 12 candidates per session).

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

##### **Proposed Homeless Accommodation Rental Charges for 2020/21:**

- 4.1 Carlisle City Council has a statutory responsibility under part 7 of the Housing Act 1996, Homeless Act 2002 and amended by the Homeless Reduction Act 2017, to provide temporary accommodation for people who are experiencing homelessness or are at risk of homelessness within 56 days; and are deemed to be vulnerable under the legislation.
- 4.2 The services are based on a pathways model of assessment and provision; delivering 24-hour emergency homeless response services, personalised support and secure temporary accommodation within a mix of provision which reflects local needs and demand in line with the current Homelessness Strategy 2015-20.
- 4.3 Eligible rent levels under the Housing Benefit Regulations are based on a tiered charging structure that reflects usage (i.e. single, shared households and families) and is in line with the council's corporate charging policy.
- 4.4 It is proposed to increase Homeless Accommodation rental charges by 3% as this reflects the actual costs of providing the services. This increase has been discussed and agreed as acceptable with the Revenue and Benefits Service Managers.

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

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

- 5.1.1 Members will be aware that the Council is required by law to maintain a register of local land charges affecting land in its area. Searches of the local land charges register are carried out, most commonly as part of a house purchase, to see whether the property is affected by matters such as tree preservation orders or listed building status.
- 5.1.2 The search has two elements, namely LLC1 and CON29.
- 5.1.3 The LLC1 is the Official Certificate of Search which reveals all entries listed in the statutory Local Land Charges register. The Council charges for providing the Official Certificate of Search, which is a statutory service. A change in the law means that this statutory function will transfer to HM Land Registry, this change is a

nationwide initiative with Carlisle having been chosen to be in the first phase of local authorities to transfer. It was originally anticipated that full migration of the LLC1 service to H M Land Registry would take place by April 2019. However, due to technical issues, the transfer of the service is now scheduled, and on target, to be completed by April 2020.

- 5.1.4 The CON29 enquiry form consists of a series of questions and a number of additional, optional enquiries which relate to matters outside the statutory register. The Council is able to add value by compiling and formatting an official report and levies a charge for this discretionary service. Following transfer of the LLC1 function, the Council will retain the CON29 service and will continue to charge for this service.
- 5.1.5 The Council is unable to charge a person for carrying out a personal inspection of the land charges register. The Environmental Information Regulations 2004 ('the EIR') provide, broadly, that environmental information should be made available for inspection without charge.
- 5.1.6 The Council therefore facilitates personal inspections by allowing access to the statutory register, which currently comprises paper records, on the eighth floor. For other environmental information which it holds, such as contaminated land and planning applications, it provides access through provision of an unrefined data report, which is simply an extract of information from records. No added value is given to this information, unlike the certificate of official search, and no charge is made.
- 5.1.7 The Council has to be transparent in the setting of charges. It is required to publish a statement of actual expenditure, number of requests and total income.

## **5.2 Legislation**

- 5.2.1 The Local Land Charges Act 1975 ("the 1975 Act") requires registering authorities in England to specify and publicise their own fees for local land charge services (except for personal searches of the local land charges register for which a charge may no longer be levied).
- 5.2.2 The Local Authorities (England) (Charges for Property Searches) Regulations 2008 ("the 2008 Regulations") provide discretion for the Council to set its own charges to recover its costs in answering enquiries about a property.
- 5.2.3 Regulation 8 of the 2008 Regulations provides that:

**8.—**(1) *Subject to paragraph (2), a local authority may charge a person (including another local authority) in respect of answering enquiries from that person about a property.*

(2) *Any charge made under paragraph (1) may be made at the local authority's discretion but must have regard to the costs to the local authority of answering enquiries about the property.*

5.2.4 Also relevant is the EIR which applies to environmental information, including searches of the local land charges register. The EIR implement the provisions of the European Directive 2003/4/EC ("the Directive") in to UK law.

5.2.5 Recital 18 of the Directive provides that authorities are entitled to levy a market-based charge where the information is being provided on a commercial basis and the service would not continue to be provided if such a charge could not be levied. As the Council is not legally required to provide official **CON29** searches, and because the service consists of more than simply making information available, recital 18 applies.

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

### **5.3 VAT**

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

### **5.4 Calculation of Fees**

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

5.4.2 **Appendix H** sets out the cost of providing the local land charges service in Carlisle.

5.4.3 **Appendix I** sets out the number of searches carried per month since 2015. It is always difficult to foresee the number of searches that will be submitted in the

coming year as this depends entirely on the strength of the housing market. Therefore, for the purposes of setting these charges it is assumed that performance will remain relatively constant.

5.4.4 Anticipated demand based on current performance is set out in **Appendix J**, which indicates the number of searches (which going forward will only include both CON 29 rather than CON29 and LLC1).

5.4.5 Members will note that personal searches are **not included** in **Appendix J** bearing in mind that no charge is levied, however, as indicated earlier, personal searches continue to be carried out and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies

5.4.6 The fee for the Standard Enquiries (CON29R) is presently £79.00 for domestic properties. The fee for Standard Enquiries for commercial properties is currently £100.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.

## 5.5 Proposed Fees

5.5.1 It is recommended that the Council sets its fees for 2020/21 having regard to the cost of operating the service, to the Corporate Charging Policy and also with a view to remaining competitiveness in what may be a changing market once HM Land Registry take on the LLC1 function nationwide. It is suggested that search volumes and differentials between local authorities and private search providers are carefully monitored during this period of change.

5.5.2 The proposed fees for 2020/21, therefore, will be (including the 10% discount for those searches submitted on line):

	<b>Con 29R</b>
<b>Domestic Properties</b>	£79.00 (Standard Enquiry for one parcel of land) £71.10 (NLIS 10% on-line discount) £10.00 (Each extra parcel of land)
<b>Commercial Properties</b>	£100.00 (Standard Enquiry for one parcel of land) £90.00 (NLIS 10% on-line discount) £20.00 (Each extra parcel of land)

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

	<b>CON29R £ Incl. VAT</b>	<b>LLC1 £</b>	<b>Combined £</b>
<b>Allerdale</b>	96	10	106
<b>Barrow</b>			
- Domestic properties	82.73	21.00	108.76
- Commercial properties	110.21	32.00	151.74
<b>Copeland</b>	102	30	132
<b>Eden</b>	84.00	22	106.00
<b>SLDC</b>	83.00	20	103*

\* The combined price charged offers a discount to applicants

- 5.5.4 Budgeted income from the Land Charges service for 2019/20 was £121,500. Actual income is forecast to be approximately £90,000. The reduction in income is a consequence of changes to legislation, the effect of which was to transfer part of the responsibility for that part of the local search known as LLC1 from local authorities to H M Land Registry (see 5.1.3 above)
- 5.5.5 Achieving the Corporate Charging Policy increase of 3% together with the estimated search numbers in the Medium-Term Financial Plan, therefore, would result in a target income for 2020/21 of £125,100.
- 5.5.6 It must be realised, however, that in 2020/21 the Council will no longer be in receipt of any LLC1 income, post transfer to HM Land Registry. This amounts to a loss of approximately £31,500.
- 5.5.7 Further, as previously referenced within this report, an increasing number of customers choose to use personal search companies, against whom no charge is levied, to carry out their searches. Such companies are able to charge customers far less than the Council. In 2017/18 the Council reduced CON29 charges for domestic properties, partly to reflect the lesser amount of work compared to commercial properties, but partly also to increase our competitiveness vis a vis the personal search companies. It will, however, take time to increase our market share, particularly as the search companies remain the cheaper option.
- 5.5.8 It is, therefore, unlikely that a target income for 2020/21 of £125,100 would be achievable. A revenue pressure bid is being submitted for the £31,500 lost LLC1 income.

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

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

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

## **5.6 Electoral Registers**

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

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

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

5.7.1 The charge for hire of a room in the Civic Centre is currently £113.43 per session; a session comprises morning, afternoon or evening use. An increase of 3% to £116.83 is recommended from 1 April 2020. The number of room bookings has fallen because the County Council, which used to regularly book rooms, now have facilities of their own, and other regular users no longer book rooms because an entitlement to meeting rooms is now incorporated in their tenancy agreements. Therefore, while there is no longer a regular stream of bookings the Council does receive a guaranteed rental income instead. It is anticipated that, following the redevelopment of the ground floor, the desirability of the facilities will increase.

- 5.7.2 The charge levied for the sale of Council Minute Books is £22.30 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy, so there is an argument for removing this element from the charges altogether. However, in order to retain the ability to make a charge in the unlikely event of receiving a request for a paper copy, it is recommended that the charge is held at the current level of £22.30. The annual income from the sale of Council Minutes is **nil**.
- 5.7.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. The financial year 2014/15 was the first year in which a charge was made in order to recover the Council's costs in providing this service. It should be noted that all of the reports, agenda and other documents which are subject to the new copying charge will also be available free of charge on the Council's website.
- 5.7.4 The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 directs that upon receiving a request from a member of the public or on behalf of a newspaper for the provision of copy agendas, reports or papers of the Executive, the Council must provide, if requested, a hardcopy of the same. The delivery is subject to payment being made (by the party making the request) of postage, copying or other necessary charge for such delivery. Section 100B of the Local Government Act 1972 makes similar provision in respect of the Council's other meetings.
- 5.7.5 The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2<sup>nd</sup> class mail at the prevailing rate. Each Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2020/21.

## **5.8 Training**

- 5.8.1 In the financial year 2014/15, the Council introduced charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge is currently £400.00 plus VAT for one three-hour session (per group of 12) plus expenses if outside Carlisle District.
- 5.8.2 In the financial year 2017/18, a charge was introduced providing training in Data Protection. The charge is currently £400 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

5.8.3 To date, no chargeable training sessions have been provided. It is proposed to increase the charge for each type of training session to £425 plus VAT for a group of 12 delegates plus expenses if required to travel outside the District.

## 5.9 Summary of Income Generated

5.9.1 The introduction of the charges proposed is forecast to generate income of £872,500 in 2020/21 which is summarised in the following table:

<b>Governance Service Area</b>	<b>Original Estimate 2019/20 £</b>	<b>MTFP Target 2020/21 £</b>	<b>Original Estimate 2020/21 £</b>	<b>Shortfall or (Excess) over MTFP £</b>
Land Charges (para 5.1 to 5.6)	121,500	125,100	93,600	31,500
Electoral Registers (para 5.7)	1,600	1,600	1,600	0
Minute Books/ Access to Information (para 5.8)	0	0	0	0
Training (para 5.9)	0	0	0	0
Environmental Protection Act	12,600	12,600	12,600	0
Pest Control	39,100	40,300	40,300	0
Food Safety	3,100	3,200	3,200	0
Housing – DFG's	62,500	62,500	62,500	0
Housing – HMO Licences	12,800	13,200	8,000	5,200
Housing – Immigration Inspections	500	500	500	0
Homelife Fees	38,100	30,000	30,000	0
Hostels	620,200	620,200	620,200	0
<b>Total</b>	<b>912,000</b>	<b>909,200</b>	<b>872,500</b>	<b>36,700</b>

## **6. CONSULTATION**

### **6.1 Consultation to Date**

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

### **6.2 Conclusions and Reasons for Recommendations**

The Executive is asked to agree the charges as detailed within the report and set out in **Appendices A - L** with effect from 1 April 2020 noting the impact these will have on income generation as detailed within the report.

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

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

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

**Appendices attached to report:**

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

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

## **CORPORATE IMPLICATIONS/RISKS:**

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

**FINANCE** – The acceptance of the charges highlighted in this report will result in an anticipated level of income of £872,500 against the MTFP target of £909,200. This represents an overall shortfall of £36,700. The shortfall of £31,500 in respect of Land Charges income has been put forward in the budget process as a pressure on Council resources and is due to the LLC1 element of the search transferring to HM Land Registry early in 2020. It is proposed that this pressure is funded from a fundamental review of existing base budgets and further work to determine the longer-term impact this could have on the Council. The reduced income anticipated from HMO Licences will be accommodated within the service.

**EQUALITY** - The Public Sector Equality Duty and Equality Policy have been considered by the Corporate Director in preparing this report.

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

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

<b><u>HOUSING AND POLLUTION</u></b> <b><u>(Inclusive – VAT not applicable)</u></b>	<b><u>2019 /</u></b> <b><u>2020</u></b>	<b><u>2020/</u></b> <b><u>2021</u></b>	<b>COMMENT</b>
Community Protection Notices**	£100.00	£100.00	Council wide Powers. Set by Legislation.
Community Protection Notices** paid within 7 days of issue	£80.00	£80.00	Council wide Powers. Set by Legislation.
<b><u>PRIVATE WATER+ (Inclusive – VAT not applicable)</u></b>			
<b>ANALYSIS CHARGES</b>			
Biological etc. (reg 10)	£25.00	£25.00	Maximum amount
Check monitoring	£100.00	£100.00	Maximum amount
Audit Monitoring (maximum)	£500.00	£500.00	Maximum amount
<b>SAMPLING CHARGES</b>			
Sampling (each visit)	£91.00	£100	Maximum is £100, actual cost to Council is £129.68
Risk Assessment (Domestic)	£111.50	£194.52	Maximum is £500
Risk Assessment (Commercial)	£265.00	£324.20	Maximum is £500
Other investigations (each investigation)	£100.00	£64.84	Maximum amount is £100 for each investigation
Review of Risk Assessment	£0.00	£162.10	Maximum amount £500
Granting an authorisation (each authorisation)	£53.00	£64.84	Maximum is £100 for each authorisation
<b><u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u></b>			
Contaminated Land Information Request -per hour	£64.67	£64.84	Increase using consistent rates across Regulatory Services
<b><u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u></b>			
Works in default administration costs recovery	£18.00	£18.50	
Copying documents	14p per A4 sheet	14p per A4 sheet	

<b><u>MOBILE HOMES ACT 2013<sup>+</sup> (Inclusive – VAT not applicable)</u></b>			<b>These charges are calculated with a formula and have been adjusted by the 2020/21 hourly rate.</b>
Licence Fee- example of typical charge for up to 5 pitches	£355.00	£357.00	
Licence Fee- amendment, expansion	£226.00	£227.00	
Licence Fee - Transfer	£275.00	£276.00	
Inspection Fee- example of typical charge for up to 5 pitches	£145.00	£146.00	
Council hosting of site rules	£64.00	£65.00	
<b>HOUSING ACT 2004, HMO LICENCE FEES</b>			<b>New formula to reflect cost of delivering service</b>
Cost of new HMO Licence (per 8 letting units)	£566.00	£567.00	New legislation for HMOs
Cost of renewal of HMO Licence (per 8 letting units)	£356.00	£357.00	New legislation for HMOs
Cost of every additional unit above 8	£10.80	£16.21	New legislation for HMOs
Maximum licence fee	£950.00	£950.00	New legislation for HMOs
Discount on HMO fee for NLA accredited Landlords	10% discount	10% discount	
Cost of additional correspondence	£32.00	£32.00	New legislation for HMOs
<b>IMMIGRATION INSPECTIONS</b>			
Fast Track Application	£140.00	£140.00	
Standard application	£125.00	£125.00	
<b>ENFORCEMENT TIME, HOUSING ACT 2004</b>			
Charged at Officer hour	£64.67	£64.84	<b>Consistent rate across Regulatory Services</b>
Empty Property Owner VAT support letter	£16.00	£16.00	

<b>DISABLED FACILITY GRANTS, LOCAL AUTHORITY FEES</b>			<b>Amendments have been made to ensure consistency, prices are now inclusive of VAT.</b>
<b>Level Access Shower</b>	£699.60	£728.29	Increase in office hours, reflection on time spent and VAT as standard
<b>Shower toilets</b>	£691.20	£689.39	Increase in office hours, reflection on time spent and VAT as standard
<b>Ramps</b>	£699.60	£728.39	Increase in office hours, reflection on time spent and VAT as standard
<b>Stair lifts (TBC)</b>	£691.20	£689.39	Increase in office hours, reflection on time spent and VAT as standard
<b>Door Widening</b>	£699.60	£728.29	Increase in office hours, reflection on time spent and VAT as standard
<b>Major Adaptations</b>	£1347.60	£1539.56	Increase in office hours, reflection on time spent and VAT as standard
<b>Smaller Adaptations and non-framework adaptations</b>	£670.80	£835.63	Increase in office hours, reflection on time spent and VAT as standard
<b>Renovation Grant Costs</b>	£537.60	£553.73	Increase in office hours, reflection on time spent and VAT as standard
<b>Flat rate fee for additional lots, for DFG and renovation Grants</b>	£327.60	£369.58	Increase in office hours, reflection on time spent and VAT as standard
<b>Fee Charged for abortive works, after approval (New)</b>		£466.04	<b>To recover fees where applications discontinued after Contractor/ Architect designs commissioned</b>
<b>Fee Charged for basic support only (New)</b>		£486.30	<b>Checking and authorisation fee where applicant progresses own architects etc, but still requires guidance or significant input</b>

<b>Hourly charge for home visits</b>	£64.67	£64.84	<b>Increase using consistent rates across Regulatory Services</b>
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**APPENDIX B**  
**Food Safety Charges**

<b>FOOD &amp; PUBLIC PROTECTION</b> (VAT is not included and is charged at Standard Rate unless stated)	<b><u>2019 / 2020</u></b>	<b><u>2020 / 2021</u></b>	<b>COMMENT</b>
<b>Certification of unsaleable food</b>	35.25 (£42.30 inc. VAT)	36.33 (£43.60 inc. VAT)	
<b>Food Hygiene Training</b>	£60.08 (£72.10 inc. VAT)	£218.52	3 Hour Training Session up to max of 12 people (Amended charge – see para 3.7)
<b>Health and Safety Statement of Fact (per hour)</b>	£64.67	£64.84	Consistent Regulatory Services Hourly Rate
<b>Export Certificate</b>	£26.00	£26.80	3% increase
<b>FHRS Re-rating Fee</b>	New	£203.91	New Fee – see para 3.6
<b>Cost of Officer time where applicable (per hour)</b>	£64.67	£64.84	Consistent Regulatory Services Hourly Rate
<b>Health Act 2006: - Smoking in Smoke free place or vehicle</b>	£50.00	£50.00	(VAT not applicable)
	£30.00	£30.00	(VAT not applicable)
<b>Health Act 2006: - Failing to prevent smoking in a smoke free place/vehicle</b>	£50.00	£50.00	(VAT not applicable)
	£30.00	£30.00	(VAT not applicable)
<b>Health Act 2006: - Failure to display smoke free' signage</b>	£200.00	£200.00	(VAT not applicable)
	£150.00	£150.00	(VAT not applicable)

**APPENDIX C**

## Pest Control Charges

<b><u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) - <u>Example of typical charges</u></b>	<b><u>2019 / 2020</u></b>	<b><u>2020 / 2021</u></b>	<b><u>Comment</u></b> Based on 3% increase
<b>Standard Commercial Contract Service (Duration 12 months)</b>	Price on application	Price on application	
<b>Standard Farm Contract Service (Duration 12 months)</b>	£376.83 (£452.20 inc. VAT)	£388.17 (£465.80 inc. VAT)	
<b>Wasps (Domestic)</b>	£44.25 (£53.10 inc. VAT)	£45.58 (£54.70 inc. VAT)	
<b>Wasps (Commercial)</b>	£87.58 (£105.10 inc. VAT)	£90.21 (£108.25 inc. VAT)	
<b>Over 65 Wasp Treatment (Dom)</b>	£28.33 (£34.00 inc. VAT)	£29.25 (£35.10 inc. VAT)	
<b>Ants / Standard Fleas / Cockroaches (Domestic)</b>	£44.25 (£53.10 inc. VAT)	£45.58 (£54.70 inc. VAT)	
<b>Ants / Standard Fleas / Cockroaches (Commercial)</b>	£87.58 (£105.10 inc. VAT)	£90.21 (£108.25 inc. VAT)	
<b>Over 65 Ants / Standard Fleas / Cockroaches (Domestic)</b>	£28.33 (£34.00 inc. VAT)	£29.25 (£35.10 inc. VAT)	
<b>Rats (Domestic)</b>	Free	Free	
<b>Mice (Domestic)</b>	£44.25 (£53.10 inc. VAT)	£45.58 (£54.70 inc. VAT)	
<b>Rats and Mice (Commercial)</b>	£87.58 (£105.10 inc. VAT)	£90.21 (£108.25 inc. VAT)	
<b>Call Out Charge</b>	£28.33 (£34.00 inc. VAT)	£29.25 (£35.10 inc. VAT)	Required where advice but no treatment given to assist in recovering some officer time and travel costs.

## APPENDIX D

## Homelife Charges

<b><u>HOMELIFE CHARGES</u></b>	<b><u>2019/20</u></b>	<b><u>2020/21</u></b>	<b><u>Comment</u></b>
Examples of typical charges			<b>Amendments have been made to ensure consistency, prices are now shown inclusive of VAT.</b>
<b>General Agency Fee</b>	15%	15%	Used for managed repair service Applicable unless funder specifies alternative acceptable rate
<b>Discretionary Housing grants under £500</b>	£90.00	£90.00	15% of £500 (£75+VAT)
<b>To administer Handy Person grants</b>	£90.00	£90.00 per case	Plus hourly wage rate of handyperson
<b>Supply &amp; fit Key-safes</b>	£90.00	£90.00	
<b>Discretionary Housing Grants administered by Homelife</b>			Safe & Warm, Dementia & Energy Efficiency Grants (Energy Efficiency charged at reduced rate VAT as per VAT notice 708/6)
<b>Administration Fee</b>	£608.40	£622.46	Formula considers Reg. Services hourly rate and officer time.
<b>Additional quotes from contractors for works within the same grant</b>	£352.80	£350.14	Increased administration costs requiring liaison with multiple contractors.
<b>Health Through Warmth Rapid care grant</b>	£155.20	£155.62	Based on 2 hours of hourly rate
<b>ADDITIONAL CHARGES</b>			
<b>Home visits</b>	£77.60	£77.81	
<b>Obtaining charity funding</b>	£155.21	£155.62	
<b>Applications Assistance</b>	£77.60	£77.81	
<b>Homelife Hourly Rate</b>	£77.60	£77.81	

## APPENDIX E

**LA Pollution Prevention Control (Part B) Charges for 2019/20 - Charges for 2020/21 should be available in February 2020.**

TYPE OF CHARGE	TYPE OF PROCESS	2019/20 FEE
Application Fee	Standard process (includes solvent emission activities)	£1650
	Additional fee for operating without a permit	£1188
	PVRI, and Dry Cleaners	£155
	PVR I & II combined	£257
	VRs and other Reduced Fee Activities	£362
	Reduced fee activities: Additional fee for operating without a permit	£71
	Mobile plant**	£1650
	for the third to seventh applications	£985
	Where an application for any of the above is for a combined Part B and waste application, add an extra £310 to the above amounts	£808
Annual subsistence charge	Standard process Low	£772 (+£104)*
	Standard process Medium	£1161 (+£156)*
	Standard process High	£1747 (+£207)
	PVRI, and Dry Cleaners L/M/H	£79/£158/£237
	PVR I & II combined L/M/H	£113/£226/£341
	VRs and other Reduced Fees	£228/£365/£548
	Mobile plant, for first and second permits L/M/H**	£626/£1034/£1551
	for the third to seventh permits L/M/H	£385/£617/£924
	eight and subsequent permits L/M/H	£198/£316/£473
	Late payment Fee	£52
	*the additional amounts in brackets must be charged where a permit is for a combined Part B and waste installation	
	Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £104 to the above amounts	
Transfer and Surrender	Standard process transfer	£169
	Standard process partial transfer	£497
	New operator at low risk reduced fee activity (extra one-off subsistence charge – see Art 15(2) of charging scheme)	£78
	Surrender: all Part B activities	£0

	Reduced fee activities: transfer	£0
	Reduced fee activities: partial transfer	£47
Temporary transfer for mobile plant	First transfer	£53
	Repeat following enforcement or warning	£53
Substantial change	Standard process	£1050
	Standard process where the substantial change results in a new PPC activity	£1650
	Reduced fee activities	£102

\*\* Not using simplified permits

#### **LAPPC (Part B) mobile plant charges for 2020/21 (Not using simplified permits)**

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

**LA-IPPC (Part A2) charges for 2020/21**

NB – every subsistence charge in the table below includes the additional £104 charge to cover LA costs in dealing with reporting under the E-PRTR Regulation.

Type of charge	Local Authority element 2019/20
Application	£3363
Additional fee for operating without a permit	£1188
Annual Subsistence LOW	£1447
Annual Subsistence MEDIUM	£1611
Annual Subsistence HIGH	£2334
Late payment fee	£52
Variation	£1368
Substantial Variation (where 9 (2) (a) or 9 (2) (b) of the scheme applies)	£3363
Transfer	£235
Partial transfer	£698
Surrender	£698

## APPENDIX F

### Proposed 2020/21 Charges – Homeless Accommodation Charges

PROJECT	Proposed Charge from 6 April 2020	Current charge
<b>WATER STREET FAMILY RATE</b>	£	£
<b>Total Charge</b>	<b>£341.81</b>	£331.80
HB eligible Charge	£320.88	
Personal Charge	£20.93	
<b>WATER STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£293.30</b>	£284.76
HB eligible Charge	£276.08	
Personal Charge	£17.22	
<b>JOHN STREET SINGLE RATE</b>		
<b>Total Charge</b>	<b>£335.79</b>	£325.99
HB eligible Charge	£320.88	
Personal Charge	£14.91	
<b>HOMESHARES FAMILY RATE</b>		
<b>Total Charge</b>	<b>£372.33</b>	£361.48
HB eligible Charge	£350.77	
Personal Charge	£21.56	
<b>HOMESHARES SINGLE RATE</b>		
<b>Total Charge</b>	<b>£341.18</b>	£331.24
HB eligible Charge	£325.43	
Personal Charge	£15.75	
<b>HOMESHARES SHARED RATE</b>		
<b>Total Charge</b>	<b>£330.05</b>	£320.46
HB eligible Charge	£315.98	
Personal Charge	£14.07	

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

**GOVERNANCE**

	<u>Actual</u> <u>Charges</u> <u>2019/20</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2020/21</u> <u>£</u>
<b>1. Land Charges – Search Fees (VAT Outside the Scope/ Non-Business)</b>		
Registration of a charge in Part II of the Register	60.00	63.50
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	5.00
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	7.50
Inspection of documents filed under Rule 10 in respect of Land	2.10	5.00
Official Search (incl. Issue of official certificate of search):-		
Domestic Properties:		
a) in any one part of the register (10% on-line discount)	3.50 (3.40)	3.50 (3.40)
b) in the whole of the register (10% on-line discount)	17.00 (15.30)	17.00 (15.30)
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	1.00	1.00
Commercial Properties:		
a) in any one part of the register (10% on-line discount)	5.00 (4.50)	5.00 (4.50)
b) in the whole of the register (10% on-line discount)	33.00 (29.70)	33.00 (29.70)
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same		

Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	1.00	1.00
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to these rules)	1.50	1.50
Copy or extract of any plan or other document filed pursuant to these rules	£various*	£various*

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

### Part I – Standard Enquiries

#### Domestic Properties

a) One parcel of land	79.00	79.00
One parcel of land (Level 2/3) (10% discount)	71.10	71.10
b) Several parcels of land		
- First parcel	79.00	79.00
- Each addition	15.00	15.00

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

#### Commercial Properties

a) One parcel of land	100.00	100.00
One parcel of land (Level 2/3) (10% discount)	90.00	90.00
b) Several parcels of land		
- First parcel	100.00	100.00
- Each addition	20.00	20.00

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

### Part II – Optional Enquiries\*

Each printed enquiry – Urban	10.00	10.00
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	Each printed enquiry – Rural	10.00	10.00
	Question 22 on form CON29O	20.00	20.00
	Question 4 on form CON29O	4.00	4.00
	Each additional enquiry	10.50	10.50
<b>2.</b>	<b>Council Minutes (VAT Standard Rate)</b>		
	Per Booklet	22.30	25.00
<b>3.</b>	<b>Access to Information Requests</b>		
	Per black and white sheet	0.02	0.02
	Per colour sheet	0.05	0.05
	(plus, second class postage costs at the prevailing rate)		
<b>4.</b>	<b>Electoral Registers (VAT - Outside/Scope)</b>		
	In Printed Form*	10.00	10.00
	Plus per 1,000 entries *	5.00	5.00
	Binding of Register	3.65	4.00
	In Computer Data Form*	20.00	20.00
	Plus per 1,000 entries *	1.50	1.50
	Full Printed Register* (limited statutory availability)	410.00	410.00
	Full Data Copy* (limited statutory availability)	127.50	127.50
	Edited Printed Register* (60,000 entries)	310.00	310.00
	Edited Data Copy* (60,000 entries)	110.00	110.00
	*These charges are set by Regulation		
<b>5.</b>	<b>Training</b>		
	Training Sessions in Health and Safety and Data Protection topics per 400.00		425.00
	three-hour session (per group of 12 max)		
	Travel Expenses if outside Carlisle District	+	+
	+ travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc		
<b>6.</b>	<b>Civic Centre (VAT exempt)</b>		
	Room Letting - per session	113.43	116.83
<b>7.</b>	<b>Low Cost Housing Certificates</b>		60.00

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

	<b>Actual 2017/18</b>	<b>Budget 2017/18</b>	<b>Actual 2018/19</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>MTFP Budget 2020/21</b>
Employee Related	12,060	12,300	14,863	24,600	25,100	25,700
Premises Related	740	700	247	200	300	200
Transport Related	0	0	58	0	0	0
Supplies & Services	37,442	38,800	26,564	37,700	37,700	37,700
Recharges	25,307	25,300	28,818	28,800	29,300	29,300
<b>Total Expenditure</b>	<b>75,549</b>	<b>77,100</b>	<b>70,550</b>	<b>91,300</b>	<b>92,400</b>	<b>92,900</b>
Income	(149,186)	(140,000)	(111,042)	(144,200)	(118,000)	(121,500)
<b>Total Income</b>	<b>(149,186)</b>	<b>(140,000)</b>	<b>(111,042)</b>	<b>(144,200)</b>	<b>(118,000)</b>	<b>(121,500)</b>
<b>Net Position</b>	<b>(73,637)</b>	<b>(62,900)</b>	<b>(40,492)</b>	<b>(52,900)</b>	<b>(25,600)</b>	<b>(28,600)</b>

**\*2020/21 MTFP budget for recharges is based on the 2019/20 recharge level**

**APPENDIX I**  
**Land Charges Data**

	2015/16			2016/17			2017/18			2018/19			2019/20		
Month	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search	Standard Search	LLC1 only	Personal Search
April	85	8	0 <sup>2</sup>	80	14	0 <sup>2</sup>	77	3	0 <sup>2</sup>	64	23	0 <sup>2</sup>	60	13	0 <sup>2</sup>
May	55	3	0 <sup>2</sup>	132	8	0 <sup>2</sup>	98	5	0 <sup>2</sup>	109	22	0 <sup>2</sup>	51	7	0 <sup>2</sup>
June	121	4	0 <sup>2</sup>	115	21	0 <sup>2</sup>	116	19	0 <sup>2</sup>	100	23	0 <sup>2</sup>	95	17	0 <sup>2</sup>
July	77	8	0 <sup>2</sup>	102	6	0 <sup>2</sup>	71	13	0 <sup>2</sup>	78	9	0 <sup>2</sup>	77	28	0 <sup>2</sup>
August	79	5	0 <sup>2</sup>	97	4	0 <sup>2</sup>	89	14	0 <sup>2</sup>	98	8	0 <sup>2</sup>	68	52	0 <sup>2</sup>
September	74	4	0 <sup>2</sup>	102	19	0 <sup>2</sup>	86	7	0 <sup>2</sup>	91	5	0 <sup>2</sup>	58	8	
October	76	6	0 <sup>2</sup>	143	18	0 <sup>2</sup>	105	15	0 <sup>2</sup>	81	13	0 <sup>2</sup>			
November	115	7	0 <sup>2</sup>	114	15	0 <sup>2</sup>	81	5	0 <sup>2</sup>	97	10	0 <sup>2</sup>			
December	63	5	0 <sup>2</sup>	83	4	0 <sup>2</sup>	49	10	0 <sup>2</sup>	100	7	0 <sup>2</sup>			
January	65	5	0 <sup>2</sup>	54	6	0 <sup>2</sup>	61	3	0 <sup>2</sup>	218*	8	0 <sup>2</sup>			
February	93	4	0 <sup>2</sup>	92	6	0 <sup>2</sup>	98	7	0 <sup>2</sup>	232*	18	0 <sup>2</sup>			
March	82	10	0 <sup>2</sup>	76	1	0 <sup>2</sup>	75	4	0 <sup>2</sup>	66	7	0 <sup>2</sup>			
<b>Total</b>	<b>985</b>	<b>69</b>	<b>0<sup>2</sup></b>	<b>1190</b>	<b>122</b>	<b>0<sup>2</sup></b>	<b>1006</b>	<b>105</b>	<b>0<sup>2</sup></b>	<b>1334</b>	<b>153</b>	<b>0<sup>2</sup></b>	<b>409</b>	<b>125</b>	<b>0<sup>2</sup></b>

<sup>1</sup> FIGURES SHOWN ARE UP TO SEPTEMBER 2018

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

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

**APPENDIX J**

**Anticipated Demand Based on Current Performance**

<b>Type of Search</b>	<b>Percentage</b>	<b>Amount</b>
Standard (Con 29)	100%	1080 (around 57.25% electronic)
<b>Total</b>	<b>100%</b>	<b>1080</b>
<b>Type of Search</b>	<b>Percentage</b>	<b>Amount</b>

## APPENDIX K

### Land Charges Budget History

Period	Net Income	Original Budget
2016/17*	£149,186	£140,000
2017/18	£111,042	£144,200
2018/19**	£142,753	£118,000
2019/20	£90,000 est. (£44,547 to date)	£121,500 (£60,774 to date)

\* The base budget for 2016/17 was reduced by a recurring budget pressure of £34,300 as part of the 2016/17 budget process

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

## **APPENDIX L**

### **Corporate Charging Policy 2020/2021 TO 2024/25**

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

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

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

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

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

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

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

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

### **4. Trading:**

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

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

### **5. Value for Money:**

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



## Report to Executive

Agenda  
Item:  
**A.1 (b)**  
**(iv)**

Meeting Date: 18<sup>th</sup> November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: No  
Within Policy and Budget Framework NO  
Public / Private Public

Title: REVIEW OF CHARGES 2020/21 – LICENSING  
Report of: Director of Governance  
Report Number: GD.64/19

### Purpose / Summary:

This report sets out the proposed fees and charges for areas falling within the responsibility of the Licensing Section of the Governance Directorate. The Regulatory Panel has responsibility for determining the licence fees, with the exception of those under the Scrap Metal Dealers Act 2013 which falls to the Executive. The fees are outlined in the attached report GD 51/19.

### Recommendations:

The Executive is asked to note the charges that were considered by the Regulatory Panel on 16<sup>th</sup> October 2019. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period on 16<sup>th</sup> September 2019.

### Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>Health &amp; Wellbeing Scrutiny Panel - 21/11/19</b> <b>Economic Growth Scrutiny Panel - 28/11/19</b> <b>Business &amp; Transformation Scrutiny Panel - 03/12/19</b>
Council:	<b>N/A</b>

# Report to Regulatory Panel

Agenda  
Item:

Meeting Date: 16<sup>th</sup> October 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Not Applicable:  
Within Policy and Budget Framework YES  
Public / Private Public

Title: REVIEW OF CHARGES 2020/21 – LICENSING  
Report of: Director of Governance & Regulatory Services  
Report Number: GD 51/19

## Purpose / Summary:

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

## Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1<sup>st</sup> April 2020 (with the exception of the Scrap Metal Act fees which have been determined by the Executive).

## Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>Health &amp; Wellbeing Scrutiny Panel - 21/11/19 Economic Growth Scrutiny Panel - 28/11/19 Business &amp; Transformation Scrutiny Panel - 03/12/19</b>
Council:	<b>N/A</b>

## **1. BACKGROUND**

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

## **2. CORPORATE CHARGING POLICY 2020**

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive and Full Council and sets out the City Council's policy for reviewing charges.
- 2.2 It is recognised that licence fees (that can be determined by local authorities) can only be set at a level which recovers the cost of administration, inspection and in some cases compliance of existing licences, which arise out of carrying out their licensing functions under the various legislation. Under European Directive 2006/123 art 13(2), any charges which an applicant for a licence may incur shall be reasonable and proportionate to the cost of the authorisation procedures in question and shall not exceed the cost of the procedures.
- 2.3 It is Council policy to maximise charges to maintain full cost recovery wherever possible, and this should be the case when setting charges. In the case of the Licensing Section, we are currently operating at an income level that is achieving full cost recovery. The fees applied by Food and Public Protection are not based on full cost recovery but are proportionate to the costs incurred by the Council and minimise financial impact on current licence holders. New Animal licencing legislation in 2018 resulted in significant increases in fees and obligations on licence holders so a proportionate cost recovery approach was adopted.
- 2.4 Recognition should be made of the risk that licensing income levels can be subject to market forces out with the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function.

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

### **3 LICENCES**

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

The fee structure for charges relating to the Licensing Act 2003 is fixed by the Government.

- 3.2 The licensing of activities involving animals is administered and enforced by the Food & Public Protection Team within Regulatory Services. These include those licences issued through the Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018, Zoo Licensing Act 1981 and the Dangerous wild Animals Act 1976. Fees associated with these licences are included within Appendix B.
- 3.3 With regard to the Gambling Act 2005 local authorities assumed responsibility for licensing gambling premises and gaming machines during 2007, whilst the Gambling Commission licensed operators and personal licence holders. The fee banding was set nationally, and licensing authorities were given the flexibility to set their fees within these bands, dependent upon local circumstances. On 4<sup>th</sup> April 2007 the Licensing Committee (through delegated authority) determined the fees in accordance with the regulations which are included in Appendix B. Fees under the Act for Lottery registration are fixed by Central Government.
- 3.4 The remaining licences administered by the Authority have locally set charges. A full review of the charging was undertaken for the charges for 2018/19 using a new formula on a cost per hour charge and a fee structure was agreed. This has formed a fair charging structure and it is proposed that the charges which are set by the Council are increased for 2020/21 by 3% in line with the MTFP and covers the additional costs for the post of Regulatory Compliance Officer (Apprentice). This will not compromise the Council's position as a fair charging authority and should achieve full cost recovery for the administration process.

### **4 LICENCING ACT 2003**

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

- 4.1 The total number of premises and club certificates currently licensed is 511. This will always fluctuate each year and applications for variations will continue. We are

now in a position to predict with a fair degree of accuracy what the income will be in 2020/21.

- 4.2 The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. There is no change in the fee structure and based upon the current number of licences issued, it is estimated that there will be an income of £100,000 in 2020/21 as set out in the fee bands at Appendix A.

### **PERSONAL LICENCES**

- 4.3 Any person who authorises the sale of alcohol requires a personal licence. All premises that are licensed for the sale of alcohol must therefore have a personal licence holder to authorise that sale.
- 4.4 We currently have a total of 1917 Personal Licences issued to date and a licence is issued for an indefinite period.
- 4.5 The Authority receives requests for amendments to licences and these are charged at £10.50.
- 4.6 Based upon the current numbers of applications received between 1<sup>st</sup> April 2019 and the 1<sup>st</sup> September 2019 it is estimated that this will continue at the same level and generate an estimated annual income of £3,500.

## **5 VEHICLE & DRIVERS LICENCES**

### **HACKNEY CARRIAGE VEHICLES**

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

### **HACKNEY CARRIAGE DRIVER LICENCES**

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

### **PRIVATE HIRE**

- 5.4 The Local Government (Miscellaneous Provisions) Act 1976 provides for the regulation of the private hire trade by means of the issue of licences for operators, vehicles and drivers.

## **PRIVATE HIRE DRIVER LICENCES**

- 5.5 The cost of a new driver licence reflects work that is currently undertaken with prospective new drivers. This includes advice, training, knowledge and communication tests, verification of Disclosure and Barring Service applications and an assessment on the initial application to determine the fitness and propriety of an applicant.
- 5.6 Licences are issued for a 3-year period unless a request has been made for a 1 year licence and licenced Hackney Carriage Drivers who apply for a Private Hire Drivers Licence are charged at a renewal rate.
- 5.7 The number of hackney carriage drivers and vehicles has risen steadily over the last three years and therefore the projected income has been increased.
- 5.8 The fees for drivers, vehicles and operators, which aim to generate income of £80,000 for Hackney Carriage and £30,400 for Private Hire in 2020/21, are set out in Appendix A.

## **6 SEX ESTABLISHMENTS**

- 6.1 The City Council has issued two sex establishment licences. It is proposed that the fee is increased to £2,120 for a new application and £2,000 for a renewal application. It is estimated that the income received is £4,000 in 2020/21.

## **7 AUCTIONEERS**

- 7.1 We only have one premise which requires licensed auctioneers. Currently we have 18 licensed Auctioneers, compared to 13 in previous years. The estimated income in 2020/21 is £600.

## **8 PLEASURE BOATS & BOATMEN**

- 8.1 The number of pleasure boats and boatmen has remained static in recent years. Currently the licence fee for Pleasure Boats is calculated per boat (£48), although only one licence is issued for a schedule of licensed vessels. An inspection is commissioned to a professional inspector to assess the pleasure boats on an annual basis. The cost of this service (approximately £300) is incorporated into the licence fee. However should an application be received for less than 7 boats then the Authority will be at a deficit. It is therefore recommended to amend the changing structure so that an application is for a schedule of pleasure boats rather than each individual boat.
- 8.2 This change also benefits the licence holder as they are able to licence more boats at a reduced cost and have more flexibility in their offer, particularly at Talkin Tarn.

- 8.3 It is recommended that a fee is introduced for the renewal of a Boatman's licence which reflects the reduction of administrative work required in comparison to a new licence. A new Boatman licence will be £38 and £30 for a renewal.
- 8.4 This aims to generate income of £500 in 2020/21.

## **9 SCRAP METAL DEALERS**

- 9.1 The Scrap Metal Dealers Act 2013 which commenced on 1<sup>st</sup> October 2013 brings together two earlier pieces of legislation that covered Scrap Metal and Motor Salvage Operators. The licence covers a three-year period therefore the income will vary from year to year.
- 9.2 The current fee was agreed by the Executive on 16<sup>th</sup> September 2019.
- 9.3 The current renewals expect to generate income of £3,000 in 2020/21, as set out in Appendix A.

## **10 STREET TRADING**

- 10.1 The Council issues Street Trading Consents on an annual and occasional basis. Currently there are 19 holders of annual consents (a decrease of 4 from the previous year) and during 2018/19 21 occasional consents were issued (an increase of 10).
- 10.2 Based upon the current numbers of consents it is estimated that this will generate an estimated annual income of £5,000.

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

- 11.1 The Animal Welfare (Licensing of Activities Involving Animals) (England) Regulations 2018 requires licences for the following animal activities:
- Selling animals as pets
  - Animal boarding (including Kennels/Catteries/Dog Day Care/Home Boarding for dogs)
  - Breeding of dogs
  - Hiring Out Horses (including Riding Establishments)
  - Keeping or training animals for exhibition

The fee structure for the new licensing regime were first approved by Regulatory Panel in October 2018. It has since come to light that a number of adjustments are required to the structure:

- Removal of the Grant of Licence fee for licences issued for 2/3 years. The fee is not applicable in these instances.
- Adjustment to the annual inspection fee for animal boarding / breeding of dogs / selling animal as pets licences. In each case the fee has increased above the

3% as specified in the Corporate Charging Policy, but is now consistent with the Variation Fee and reflects the officer time spent to visit the licensed premises to check compliance.

- Introduction of an inspection fee for those businesses who have multiple licensing activities on a licence. This fee will cover the officer time whilst checking compliance of the additional licensable activity during the annual inspection

All other fees have been increased by 3% in line with the Corporate Charging Policy. Based on the proposed fees and charges, an estimated income of £8,000 will be generated in 2020/21 for animal activity related licences.

- 11.2 The fee for an individual to hold a Dangerous Wild Animal licence has been reviewed and increased above the 3% as specified in the Corporate Charging Policy. The existing fee does not reflect the time spent by officers when dealing with an application. Each application needs to be fully considered to ensure no risk is presented to the public and the welfare of the animal is safeguarded. This process can be resource intensive. The proposed application fee has been increased £290.00 (previously £165.00). The applicant will also be required to pay a Grant of Licence Fee of £125.00 if their application is successful. The licence will be issued for 2 years and a compliance visit will be made in the second year. The cost of the compliance visit is incorporated into the grant of licence fee.
- 11.3 The fee for a Zoo Licence has been reviewed and increased above the 3% as specified in the Corporate Charging Policy. The existing fee does not reflect the full costs associated with a business/individual applying for a licence. On application for a new zoo licence, the law indicates that a licence will be issued for a 4-year period in the first instance. The applicant is then required to apply for their licence renewal in the 4<sup>th</sup> year. If successful, a 6-year licence will then be issued and renewed thereafter every 6 years. The proposed Application Fee and Grant of Licence Fee will now cover the full term of the licence. The full fee structure is detailed in Appendix B.

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

- 12.1 Any person or businesses engaged in the business or practice of Cosmetic Piercing, Tattooing, Electrolysis, Semi-Permanent Skin Colouring and Acupuncture, must be registered with their Local Authority. This is a one-off registration and is not subject to renewal requirement. The administration and enforcement of the registration provisions is undertaken by officers of the Food and Public Protection Team. The current fee should generate an income of approximately £1,000 in 2020/21.

## **13 GAMBLING ACT 2005**

### **LOTTERY LICENCES**

- 13.1 The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the income target has been reduced to reflect this. The current fee should generate approximately £3,800 in 2020/21.

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

- 13.2 The fee bands are set by central government and the Licensing Committee sets its own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4<sup>th</sup> April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended.
- 13.3 At the current level of fees, an estimated income of £14,000 for Gambling Premises and Machine Permits will be received during 2020/21 which is set out in Appendix C.

## **14 SUMMARY OF INCOME GENERATED**

- 14.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £244,800 for the Licensing Section, and £9,000 for Environmental Health in 2020/21 which is summarised in the table below:

## 14.2

Service Area	Updated Budget 2019/20	MTFP Target 2020/21	Original Estimate 2020/21	Shortfall or (Excess) over MTFP	
Licensing Act 2003 - Premises	100,000	100,000	100,000	0	*
Licensing Act 2003 - Personal Licences	3,500	3,500	3,500	0	*
Gambling Act 2005 - Lotteries	4,000	4,000	3,800	200	*
Gambling Act 2005 - Premises and Gaming Machines	14,000	14,000	14,000	0	*
Hackney Carriage	75,200	75,200	80,000	(4,800)	
Private Hire	30,400	30,400	30,400	0	
Sex Establishment	3,900	3,900	4,000	(100)	
Auctioneers	600	600	600	0	
Pleasure Boats	500	500	500	0	
Scrap Metal	2,900	2,900	3,000	(100)	
Street Trading	5,000	5,000	5,000	0	
<b>Total (Licensing)</b>	<b>240,000</b>	<b>240,000</b>	<b>244,800</b>	<b>(4,800)</b>	
Animal Welfare Licensing	8,500	8,500	8,000	500	
Cosmetic Piercing, Tattooing, Electrolysis & Acupuncture	1,000	1,000	1,000	0	
<b>Total (Environmental Health)</b>	<b>9,500</b>	<b>9,500</b>	<b>9,000</b>	<b>500</b>	

\*Fixed fee

## **15 CONSULTATION**

Consultation to Date – None

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

## **16 RECOMMENDATIONS**

- 17** The Regulatory Panel is asked to agree the charges as set out in Appendices 'A', 'B' and 'C' with effect from 1<sup>st</sup> April 2020 (with the exception of the Scrap Metal Act fees which have been determined by the Executive).

## **18 REASONS FOR RECOMMENDATIONS**

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

<b>Contact Officer:</b>	<b>Nicola Edwards</b>	<b>Ext: 7025</b>
	<b>Andrew Smith</b>	<b>7098</b>

<b>Appendices attached to report:</b>	<b>A – Charging Structure 2020/21 – Licensing Act &amp; Misc</b>
	<b>B – Proposed Charging 2020/21– Animal Welfare</b>
	<b>C – Proposed Charges 2020/21 – Gambling</b>

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

- **None**

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

#### **LEGAL –**

**FINANCE –** The acceptance of the charges highlighted in this report will result in an anticipated level of income of £253,800 (£244,800 Licensing and £9,000 Environmental Health) against the MTFP target of £249,500. This represents an increase of £4,300 against the MTFP target. The additional income will be retained in the service.

#### **EQUALITY – None**

#### **INFORMATION GOVERNANCE – None**

## Charging structure – Licensing 2020/21

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

		New	Charge from 01/04/19 Annual Fee	Charge from 01/04/20 Annual Fee	Implementation Date
<b>Premises</b>	<b>Band A</b>	100.00	70.00	70.00	24/11/05
	<b>Band B</b>	190.00	180.00	180.00	24/11/05
	<b>Band C</b>	315.00	295.00	295.00	24/11/05
	<b>Band D</b>	450.00	320.00	320.00	24/11/05
	<b>Band E</b>	635.00	350.00	350.00	24/11/05
<b>Personal Licence</b>		37.00	Amendment – 10.50	Amendment 10.50	24/11/05

## Vehicles - Hackney Carriages

		Charge from 01/04/19	Proposed Charge from 01/04/20
<b>Hackney Carriage Vehicle</b>	New	236.00	240.00
	Renewal	195.00	200.00
<b>Hackney Carriage Driver – 1 year</b>	New	170.00	175.00
	Renewal	113.00	116.00
<b>Hackney Carriage Driver – 3 year</b>	New	294.00	300.00
	Renewal	200.00	206.00
<b>Certificate of Compliance (COC)</b>		11.00	11.00
<b>Transfer of Licence</b>		32.00	33.00
<b>Change of Vehicle</b>		52.00 (inc Plate)	53.00 (inc Plate)
<b>Duplicate Licence or ID Card</b>		13.00	13.50
<b>Test Fee</b>		53.50	55.00
<b>Test Fee DNTU</b>		26.00	27.00
<b>Retest Fee</b>		37.00	38.00
<b>New Licence Plate</b>		14.00	14.50
<b>Door Sign</b>		10.00	10.50

## Vehicles – Private Hire

		Charge from 01/04/19	Proposed Charge from 01/04/20
<b>Private Hire Vehicle</b>	New	212.00	230.00
	Renewal	170.00	175.00
<b>Private Hire Driver – 1 year</b>	New	170.00	175.00
	Renewal	113.00	116.00
<b>Private Hire Driver – 3 year</b>	New	294.00	300.00
	Renewal	200.00	206.00
<b>Certificate of Compliance (COC)</b>		11.00	11.00
<b>Transfer of Licence</b>		32.00	33.00
<b>Change of Vehicle</b>		52.00 (inc. Plate)	53.00
<b>Duplicate Licence or ID card</b>		13.00	13.50
<b>Test Fee</b>		53.50	55.00
<b>Test Fee DNTU</b>		26.00	27.00
<b>Retest Fee</b>		37.00	38.00
<b>Private Hire Operator</b>	<b>1-5 Vehicles</b> 1 Year	216.00	220.00
	5 Year	505.00	520.00
	<b>6-10 Vehicles</b> 1 Year	284.00	292.00
	5 Year	643.00	660.00
	<b>11-20 Vehicles</b> 1Year	330.00	340.00
	5 Year	746.00	765.00
	<b>21-30 Vehicles</b> 1 Year	375.00	385.00
	5 Year	895.00	920.00
<b>New Licence Plate</b>		14.00	14.50

## Miscellaneous Licences

		Charge from 01/04/19	Proposed Charge from 01/04/20
<b>Auctioneers</b>		46.00	47.50
<b>Sex</b>	New	2,060.00	2,120.00
<b>Establishments</b>			
	Renewal	1950.00	2,000.00
	Variation	257.00	265.00
	Transfer	128.00	130.00
<b>Street Trader</b>	New	236.00	244.00
	Renewal	216.00	220.00
	Occasional	51.50	53.00
		31.00 (annual consent holders)	32.00
<b>Scrap Metal Collector</b>	New	270.00	Charges agreed by Executive 16/09/19
	Renewal	270.00	
	Vary Name/Address	30.00	
	Vary Collector to Site	210.00	
<b>Scrap Metal Site</b>	New	480.00	
	Renewal	440.00	
	Vary Name	30.00	
	Vary Site Manager	75.00	
	Add Site	150.00	
<b>Boats</b>	1-20 vessels	48.00 each vessel	400.00
	21-30 vessels		450.00
<b>Boatman</b>	New	37.00	38.00
	Renewal	-	30.00
<b>Miscellaneous Duplicate Items</b>		13.00	13.50
<b>Cosmetic Skin</b>	Premises Registration	113.73	117.14
<b>Piercing / Tattooing</b>	Personal Registration	113.73	117.14
<b>Acupuncture</b>	Premises Registration	113.73	117.14
	Personal Registration	113.73	117.14

**Licensing of Activities Involving Animals – Proposed fees 2020/21**

		PART A Application Fee	PART B Grant of Licence Fee	Total	Additional Cost to Applicant
Riding Establishments / Hiring Out Horses	New	£ 199.90	£ 50.00	£ 249.90	+ Vets Fee
	Renewal	£ 173.20	£ 50.00	£ 223.20	+ Vets Fee
	2/3 Year Licences - Inspection Fee	£ 133.30	£ 0.00	£ 133.30	Nil
Animal Boarding (inc Kennels, Catteries & Dog Day Care)	New	£ 173.20	£ 50.00	£ 223.20	Nil
	Renewal	£ 153.20	£ 50.00	£ 203.20	Nil
	2/3 Year Licences - Inspection Fee	£ 125.00	£ 0.00	£ 125.00	Nil
Home Boarding	New	£ 133.30	£ 33.40	£ 166.70	Nil
	Renewal	£ 119.90	£ 32.40	£ 152.30	Nil
	2/3 Year Licences - Inspection Fee	£ 80.00	£ 0.00	£ 80.00	Nil
Breeding Dogs	New	£ 173.20	£ 50.00	£ 223.20	+ Vets Fee
	Renewal	£ 153.20	£ 50.00	£ 203.20	+ Vets Fee where business identified as High Risk following risk assessment
	2/3 Year Licences - Inspection Fee	£ 125.00	£ 0.00	£ 125.00	Nil
Selling Animals as Pets	New	£ 166.60	£ 50.00	£ 216.60	Nil
	Renewal	£ 146.60	£ 50.00	£ 196.60	Nil
	2/3 Year Licences - Inspection Fee	£ 125.00	£ 0.00	£ 125.00	Nil
Keeping / Training Animals for Exhibition	3 Year Licence (New / Renewal)	£ 173.20	£ 50.00	£ 223.20	Nil
Additional Licensable Activities*	New / Renewal*	£ 80.00	£ 50.00	£ 130.00	+ Vets Fee if required
	2/3 Year Licence – Inspection Fee* <b>New Fee</b>	£ 40.00	£ 0.00	£ 40.00	Nil
Variation to licence/re-evaluation of star rating - Animal Boarding / Pet Shops / Keeping animals for exhibition	Variation	£ 125.00	N/A	£ 125.00	Nil
Variation to licence/re-evaluation of star rating - Dog Breeding / Hiring out horses	Variation	£ 125.00	N/A	£ 125.00	+ Vets Fee if required
Minor Variation of Licence (Administrative change)	Variation	£ 25.80	N/A	£ 25.80	Nil
Transfer of Licence due to death of licensee	Transfer	£ 25.80	N/A	£ 25.80	Nil

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

## Appendix B (cont.)

		PART A Application (New/Renewal) Fee	PART B Grant of Licence Fee	Total	Additional Cost to Applicant
Dangerous Wild Animals (2 Year Licence)	New/Renewal (includes inspection in year 2)	£ 290.00	£ 125.00	£ 315.00	+ Specialist Vets Fee
	Variation	£ 125.00	£ 0.00	£ 125.00	+ Specialist Vets Fee (if required)
Zoo Licence Fee calculated based on officer time spent considering the application, conducting the inspections and the expenses of the personnel involved (including visit by DEFRA appointed Vet)	New – 4-Year Licence	£ 325.00 (Officer hourly rate of £64.84 will be applied for applications exceeding 5 hours of officer time)	£ 800.00	£ 1,225.00	+ DEFRA Vets Fee (Application / Year 1 and Year 4)
	Renewal – 6-year Licence	£ 325.00	£ 1,200.00	£ 1,525.00	+ DEFRA Vets Fee (Year 3 and Year 6)
	Variation	£ 125.00	£ 0.00	£ 125.00	+ DEFRA Vets Fee if required

**Gambling Act 2005 Premises Licence Fee Structure**
**APPENDIX C**

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

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

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

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

**Change of Name/Address or Change of Premises Name £25**

**Duplicate Permit Fee £15 \*£100 where applicant is holder of Club Premises Certificate under Licensing Act 2003**

# Report to Executive

**Agenda  
Item:**  
**A.1 (c)**

Meeting Date: 18 November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework YES  
Public / Private Public  
Title: REVISED CAPITAL PROGRAMME 2019/20 AND PROVISIONAL CAPITAL PROGRAMME 2020/21 TO 2024/25  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD 30/19

## Purpose / Summary:

The report details the revised capital programme for 2019/20 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2020/21 to 2024/25 in the light of new capital proposals identified and summarises the estimated capital resources available to fund the programme.

## Recommendations:

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2019/20 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2020/21 to 2024/25 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

## Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Overview and Scrutiny:	<b>BTSP 03/12/19; HWSP 21/11/19; EGSP 28/11/19</b>
Council:	<b>4 February 2020 (Budget Resolution)</b>

## **1. BACKGROUND**

- 1.1 This report details the revised capital programme for 2019/20 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 2020/21 to 2024/25, together with the potential resources available to fund the programme. Members are asked to give initial consideration to the spending proposals.
- 1.3 The guiding principles for the formulation of the capital programme over the next five year planning period are set out in the following policy documents that were approved by Council on 10 September 2019:
- Capital Investment Strategy 2020-21 to 2024-25 (Report RD25/19)
  - Asset Management Plan (Report GD48/19)
- 1.4 A Corporate Programme Board of senior officers, (the SMT Transformation sub-group) continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

## **2. CAPITAL RESOURCES**

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

in particular on how successful the Council has been in achieving Capital Receipts from the sale of assets against its target i.e. the more capital receipts generated, the less is required to be taken from Borrowing and Council Reserves (and vice versa).

- 2.5 The cost of externally borrowing £1m to fund the capital programme will result in a charge to the revenue account in the next full year of approximately £65,500. This is made up of £35,500 for the cost of the interest payable (3.55% of £1m equates to £35,500) and a principal repayment provision of 3% of the outstanding sum (3% of £1m equates to £30,000).

### 3. REVISED CAPITAL PROGRAMME 2019/20

- 3.1 The capital programme for 2019/20 totalling £23,192,000 was approved by Council on 16 July 2019 as detailed in the 2018/19 out-turn report (RD14/19).
- 3.2 The revised capital programme for 2019/20 now totals £23,222,900 as detailed in **Appendix A** subject to the relevant approvals by Executive and Council for the changes.
- 3.3 **Appendix B** details the revised anticipated resources available and their use to fund the capital programme. These have been revised to take account of revised projections and valuations of asset sales.
- 3.4 A summary of the revised programme for 2019/20 is shown below:

Summary Programme	£	Appx
<b>2019/20 Original Capital Programme</b>	23,192,000	<b>A</b>
Other adjustments	30,900	
<b>Revised Capital Programme (Sept 2019)</b>	<b>23,222,900</b>	<b>A</b>
Estimated Capital Resources available	(19,502,112)	<b>B</b>
<b>Potential Borrowing Requirement</b>	<b>3,720,788</b>	

- 3.5 The progress to date of each scheme in the current financial year has been identified in the Quarterly Budget Monitoring report considered elsewhere on the agenda (RD34/19). That report also highlights an underspend of £294,486 against the profiled annual budget.

### 4. CAPITAL SPENDING PROPOSALS 2020/21 TO 2024/25

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

Capital Scheme	App/ Para	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b><u>Current Commitments:</u></b>						
Vehicles & Plant	4.2	647	1,486	1,297	0	0
Planned Enhancements to Council Property	4.3	250	250	250	250	250
Disabled Facilities Grants	4.4	1,467	1,467	1,467	1,467	1,467
ICT Infrastructure		83	83	116	171	171
Leisure Facilities		10,962	2,566	380	0	0
Recycling Containers		45	45	45	45	45
Carlisle Southern Link Road	4.5	0	0	5,000	0	0
<b>Total Existing Commitments</b>		<b>13,454</b>	<b>5,897</b>	<b>8,555</b>	<b>1,933</b>	<b>1,933</b>
<b><u>New Spending Proposals:</u></b>						
Vehicles and Plant	4.2	1	(271)	(139)	977	1,851
LED Footway Lighting Installation	4.6	203	0	0	0	0
Skew Bridge Deck	4.7	70	0	0	0	0
Cemetery Infrastructure	4.8	30	0	0	0	0
<b>Total New Spending Proposals</b>		<b>304</b>	<b>(271)</b>	<b>(139)</b>	<b>977</b>	<b>1,851</b>
<b>Total Potential Programme</b>		<b>13,758</b>	<b>5,626</b>	<b>8,416</b>	<b>2,910</b>	<b>3,784</b>

- 4.2 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above.
- 4.3 The allocation for planned enhancements to council properties is retained at the current level of £250,000.
- 4.4 Disabled facilities grant allocation will not be known until early into 2020/21, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. This grant will be awarded via the County Council's Better Care Fund.
- 4.5 This relates to the contribution committed in support of the Housing Infrastructure Fund Bid (HIF) for the development of the Carlisle Southern Relief Road as part of the Garden City initiative. It is envisaged that the cost of this contribution will be recouped through developer contributions once the Garden Village starts being delivered.
- 4.6 LED Footway Lighting to be installed on existing lighting to reduce energy consumption, CO2 levels, improve reliability and reduce maintenance costs resulting in savings on the revenue budgets.

- 4.7 To install a new deck to Skew Bridge to improve safety and accessibility for pedestrians, cyclists and mobility scooters.
- 4.8 To reinstate the channel of Fairy Beck through Carlisle Cemetery and the restoration of the footbridge.

As the budget process progresses, there may be further bids that come to light once full business cases are developed e.g. Borderlands, Central Plaza, St Cuthbert's Garden Village and Cremator Replacements.

## 5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2020/21 to 2024/25.

Source of Funding	Para	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
<b>Capital Grants:</b>						
• Disabled Facilities Grant	5.2	(1,467)	(1,467)	(1,467)	(1,467)	(1,467)
• General Grants/Contributions	5.3	0	0	0	0	0
<b>Capital Receipts:</b>						
• Generated in year – Asset Business Plan	5.4	(5,899)	(1,567)	(273)	0	0
receipts used to fund resources		112	112	112	0	0
Direct Revenue Financing / Invest to Save	5.5	(1,018)	(926)	(926)	(926)	(926)
<b>TOTAL RESOURCES</b>		<b>(8,272)</b>	<b>(3,848)</b>	<b>(2,554)</b>	<b>(2,393)</b>	<b>(2,393)</b>

- 5.2 Disabled facilities grant allocation will not be known until early 2020/21, although it has been assumed for the purpose of this report that the grant will be protected at the 2016/17 levels. However as mentioned earlier this grant will be awarded via the County Council's Better Care Fund and there is still some uncertainty as to what the allocation will be.
- 5.3 General grants and contributions identified as funding streams for projects.
- 5.4 Capital receipts from the sale of fixed assets. A review of the asset disposal programme is being undertaken and a reprofiling of disposals between 2020/21 and 2024/25 will be incorporated into a future budget report to the Executive.
- 5.5 Direct revenue financing in relation to invest to save schemes and use of earmarked reserves.

## 6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2020/21 TO 2024/25

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

Source of Funding	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Estimated in year Resources available (para 5.1)	(8,272)	(3,848)	(2,554)	(2,393)	(2,393)
Proposed Programme (para 4.1)	13,758	5,626	8,416	2,910	3,784
<b>Projected (Surplus)/Deficit</b>	<b>5,486</b>	<b>1,778</b>	<b>5,862</b>	<b>517</b>	<b>1,391</b>
Cumulative B/Fwd Balance	<b>3,721</b>	<b>9,207</b>	<b>10,985</b>	<b>16,847</b>	<b>17,364</b>
Cumulative year end Position					
● Borrowing Requirement (para 6.2)	<b>9,207</b>	<b>10,985</b>	<b>16,847</b>	<b>17,364</b>	<b>18,755</b>

6.2 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 (RD31/19).

The table above shows there continues to be a borrowing requirement from 2020/21. In order to reduce the exposure of the council to a borrowing requirement the following steps could be examined during the course of this budget process:

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

## **7. RISKS**

- 7.1 The ongoing impact of issues raised will be monitored carefully in budget monitoring reports and appropriate action taken.

## **8. CONSULTATION**

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

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

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2019/20 as set out in Appendices A and B;
- (ii) Give initial consideration and views on the proposed capital spending for 2020/21 to 2024/25 given in the report in the light of the estimated available resources;
- (iii) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

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

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

**Contact Officer: Emma Gillespie**

**Ext: 7289**

**Appendices**

**attached to report:**

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

- None

**CORPORATE IMPLICATIONS:**

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

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

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

**INFORMATION GOVERNANCE** – There are no information governance implications.

**REVISED CAPITAL PROGRAMME 2019/20**
**APPENDIX A**

Scheme	Original Capital Programme 2019/20 £	Other Adjustments £	Proposed Savings & Carry Forwards £	Revised Capital Programme 2019/20 £
Gateway 44 Development	6,459,200	0	0	6,459,200
Play Area Green Gyms	32,800	0	0	32,800
Open Space Improvements	84,500	0	0	84,500
Bitts Park (Tennis/Reinstatement)	94,000	0	0	94,000
Cemetery Infrastructure	11,200	0	0	11,200
Affordable Homes (S106)	50,400	0	0	50,400
Planning Software	150,000	0	0	150,000
Property Purchase	150,000	0	0	150,000
Flood Reinstatement Projects	(68,100)	23,900	0	(44,200)
Sands Centre Redevelopment	10,373,500	0	0	10,373,500
Civic Centre Digital Banner	20,500	0	0	20,500
Customer Contact Centre	0	7,000	0	7,000
Planned Enhancements to Council Property	329,600	0	0	329,600
Vehicles, Plant & Equipment	1,724,800	0	0	1,724,800
Recycling Containers	45,000	0	0	45,000
ICT Infrastructure	116,900	0	0	116,900
Disabled Facilities Grants	3,179,500	0	0	3,179,500
Minor Works Grants	23,200	(23,200)	0	0
Empty Property Grants	0	23,200	0	23,200
<b>SUB-TOTAL</b>	<b>22,777,000</b>	<b>30,900</b>	<b>0</b>	<b>22,807,900</b>
<b><u>Capital Reserves to be released</u></b>				
Play Area Improvements	35,000	0	0	35,000
Public Realm Improvements	380,000	0	0	380,000
	<b>415,000</b>	<b>0</b>	<b>0</b>	<b>415,000</b>
<b>REVISED TOTAL</b>	<b>23,192,000</b>	<b>30,900</b>	<b>0</b>	<b>23,222,900</b>

**REVISED CAPITAL PROGRAMME 2019/20 – PROPOSED FINANCING**

Source of funding	2019/20 Original £	2019/20 Revised £	Notes
<b>Capital Grants:</b>			
• DFG	1,899,800	1,899,800	1
• General	2,024,700	2,024,700	
<b>Capital Receipts:</b>			
• B/fwd from previous year	(1,875,388)	(1,875,388)	
• Generated in year (Asset Review)	1,700,000	1,700,000	
• Borrowing undertaken	0	14,000,000	
<b>Capital Contributions</b>			
• General	134,900	134,900	2
Direct Revenue Financing	1,587,200	1,618,100	3
<b>TOTAL FINANCE AVAILABLE</b>	<b>5,471,212</b>	<b>19,502,112</b>	
<b>TOTAL PROGRAMME (SEE APP A)</b>	<b>23,192,000</b>	<b>23,222,900</b>	
<b>PROJECTED (SURPLUS)/DEFICIT IN CAPITAL RESOURCES AVAILABLE</b>	<b>17,720,788</b>	<b>3,720,788</b>	

**Notes:**

1. Capital grant include funding for Sands Centre Development (£2,000,000), Empty Property Grants (£23,200) and Play Area Green Gyms (£1,500).
2. General contributions relate to Open Space Improvements (£84,500) and Affordable Homes S106 (£50,400).
3. Changes to Direct Revenue Financing relate to Flood Reinstatement Projects (£23,900) and Customer Contact Centre (£7,000).

# Report to Executive

Agenda  
Item:

**A.1(d)**

Meeting Date: 18<sup>th</sup> November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework: YES  
Public / Private: Public

Title: **CORPORATE ASSETS  
CAPITAL PROGRAMME 20/21 AND 3 YEAR REPAIR AND  
MAINTENANCE PROGRAMME 2020/21 – 2022/23**

Report of: The Corporate Director of Governance & Regulatory Services  
Report Number: GD.62/19

## Purpose / Summary:

This report sets out the repair and maintenance programme budget proposals for the Council's Corporate Property assets for the 3-year period 2020/21 to 2022/23 required to ensure the legal responsibilities of the City Council are met. It also provides a progress update on building maintenance.

## Recommendations:

It is recommended that Executive approve;

1. the 3-year revenue maintenance programme set out in Appendix A as part of the budget process.
2. the 2020/21 capital budget of £250,000 and the associated list of capital projects selected to meet the allocated budget.

## Tracking

Executive:	18 <sup>th</sup> November 2019
Scrutiny:	

Council:	
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## **1. BACKGROUND**

### **1.1 Maintenance Strategy**

Local Authorities have a duty to manage their property assets, particularly operational assets, in a safe and efficient manner and which contributes to the quality of service delivery. This maintenance strategy is fully integrated with the Asset Management Plan and environmental policy.

The Council follows good practice by, where practical, allocating its budget, 70% planned maintenance and 30% reactive maintenance.

### **1.2 Revenue Budget**

The proposed 2020/21 revenue maintenance budget is approximately £750,000 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

The maintenance budgets for next year and the following 2 years (based on a continuation basis as set out in the Medium Term Financial Plan) are included as Appendix A. It should be emphasised that whilst this allocation is necessary for budget purposes, the Building & Estates Manager (authorised by the Corporate Director of Governance & Regulatory Services) can re-distribute these to meet specific or emergency needs. This flexibility is essential to avoid any service disruption.

### **1.3 Planned Maintenance**

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

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

#### 1.4 **Status Analysis**

The total outstanding maintenance figure on the operational buildings is just under £2,600,000. This is the current summary of costed works which has been calculated having regard to the baseline costed 5-year plan derived from the Condition Surveys, works which have been completed and others matters which have developed over the last 12 months. This figure omits the outstanding maintenance works at the Pools due to the impending closure of the facility.

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

## 2. **PROPOSALS**

### **Planned Maintenance Capital Programme 2020/21**

The following projects reflect the highest priority projects to be funded from capital. The current allocation of £250,000 includes the additional £100,000 per annum approved in the 2019/20 budget onwards to further address maintenance backlog.

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

### **3. CONSULTATION**

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

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

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

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

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

**Contact Officer:** Ruth Richardson  
Building & Estates Manager

**Ext:** 7422

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

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

- None

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

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

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

**EQUALITY** – None.

**INFORMATION GOVERNANCE** – None.

# APPENDIX A

## MUNICIPAL MAINTENANCE BUDGET 2020/21 - 2022/23

COST CODE	DESCRIPTION	2020/21 REQUIREMENT £	2021/22 REQUIREMENT £	2022/23 REQUIREMENT £
10110/1010	Bousteads Grassing/Prog Rep & Maint	7,800	8,000	8,100
10110/1059	Bousteads Grassing/M & E Maintenance	2,200	2,200	2,200
11057/1011/52603	Public Clocks/React Rep & Maint	4,200	4,300	4,400
11057/3010/52602	E.C. Regulations/Lamps&Tubes/Plant & Elec Testing	7,900	7,900	7,900
11057/3907/52503	Misc Building Exp/Energy Fund Cont/Energy Fund	15,700	16,000	16,300
11720/1010	Grounds/Prog Rep & Maint	700	700	700
15100/1011	Allotments/React Rep & Maint	4,600	4,700	4,800
15120/1010	Bitts Park Depot/Prog Rep & Maint	7,900	8,100	8,200
15120/1011	Bitts Pk Depot/React Rep & Maint	4,100	4,200	4,300
15140/1010	Play Areas/Prog Rep & Maint	8,700	8,900	9,100
15140/1011	Play Areas/React Rep & Maint	20,600	21,000	21,400
15160/1010	Green Space Operatns/Prog Rep & Maint	16,200	16,500	16,900
15160/1011	Green Spaces Ops/React Rep & Maint	26,900	27,400	28,000
15170/1010	Talkin Tarn/Prog Rep & Maint	8,900	9,100	9,300
15170/1014	Talkin Tarn/Premises Alterations	4,200	4,300	4,400
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,200	2,200	2,300
16050/1010	Tullie House Build Servs/Prog Rep & Maint	20,100	20,500	20,900
16050/1011	Tullie House Build Servs/React Rep & Maint	25,200	25,700	26,200
16050/1014	Tullie House/Premises Alterations	36,900	37,700	38,300
16480/1010	Guildhall/Prog Rep & Maint	4,500	4,600	4,700
16490/1010	Arts Centre/Prog Rep & Maint	13,100	13,400	13,600
16490/1011	Arts Centre/React Rep & Maint	13,100	13,400	13,600
16710/1010	Golf Provision/Prog Rep & Maint	5,500	5,600	5,700
16710/1011	Golf Provision/React Rep & Maint	2,900	3,000	3,000
16720/1010	GLL Contract/Prog Rep & Maint	43,500	44,400	45,300
16720/1011	GLL Contact/React Rep & Maint	25,000	25,500	26,000
18010/1010	Civic Centre/Prog Rep & Maint	39,900	40,700	41,500
18010/1011	Civic Centre/React Rep & Maint	45,800	46,700	47,700
18010/1014	Civic Centre/Premises Alterations	10,500	10,700	10,900
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300
18010/3010	Civic Centre/Lamps & Tubes	3,900	3,900	3,900
18010/4010	Civic Centre/Lift Maintenance	5,500	5,600	5,700
18010/4025	Civic Centre/Fire & Security Services	9,500	9,700	9,900
21100/1010	Enterprise Centre/Prog Rep & Maint	23,900	24,400	24,900
21100/1011	Enterprise Centre/React Rep & Maint	17,400	17,700	18,100
21100/1014	Enterprise Centre/Premises Alterations	3,500	3,600	3,600
21600/1010	Comm Centres Gen/Prog Rep & Maint	79,300	80,900	82,500
21600/1011	Comm Centres Gen/React Rep & Maint	50,500	51,500	52,500
24500/1010	Public Conveniences/Prog Rep & Maint	11,600	11,800	12,100
24500/1011	Public Con/React Rep & Maint	19,000	19,400	19,800
25511/1010	Water St Hostel/Prog Rep & Maint	3,700	3,800	3,800
25511/1011	Water St Women & Family/React Rep & Maint	5,400	5,500	5,600
25520/1010	John Street Mens Accom/Prog Rep & Maint	1,300	1,300	1,400
25520/1011	John Street Mens Accom/React Rep & Maint	6,100	6,200	6,300
25530/1010	Dispersed Accom/Prog Rep & Maint	2,300	2,300	2,400
25530/1011	Dispersed Accom/React Rep & Maint	9,300	9,500	9,700
26510/1010	Cemeteries/Prog Rep & Maint	19,500	19,900	20,300
26510/1011	Cemeteries/React Rep & Maint	11,100	11,300	11,500
26520/1010	Crematorium/Prog Rep & Maint	5,200	5,300	5,400
26520/1011	Crematorium/React Rep & Maint	9,300	9,500	9,700
42570/1011	Ind Est James St/React Rep & Maint	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	17,500	17,900	18,200
43070/1010	City Centre Properties/Prog Rep & Main	4,000	4,100	4,200
43070/1011	City Centre Properties/React Rep & Maint	1,500	1,500	1,600
<b>Total All Projects</b>		<b>750,700</b>	<b>765,600</b>	<b>780,400</b>

## Report to Executive

Agenda  
Item:  
**A.1**  
**(e)**

Meeting Date: 18 November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD22/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: TREASURY MANAGEMENT QUARTER 2 2019/20 AND FORECASTS FOR 2020/21 TO 2024/25  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD.31/19

### Purpose / Summary:

This report provides the regular quarterly report on Treasury Transactions together with an interim report on Treasury Management as required under the Financial Procedure Rules.

The report also discusses the City Council's Treasury Management estimates for 2020/21 with projections to 2024/25. Also included is information regarding the requirements of the Prudential Code on local authority Capital finance.

### Recommendations:

That this report be received and that the projections for 2020/21 to 2024/25 be incorporated into the budget reports considered elsewhere on the agenda.

### Tracking

Executive:	<b>18 November 2019</b>
Scrutiny:	<b>BTSP 03/12/19;</b>
Audit Committee:	<b>18 December 2019</b>

## 1. INTRODUCTION

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period to September 2019
  - **Appendix A1** – Treasury Transactions July to September 2019
  - **Appendix A2** – Investment Transactions July to September 2019
  - **Appendix A3** – Outstanding Investments at September 2019
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2019/20:
  - **Appendix B1** – Prudential Code background
  - **Appendix B2** – Prudential Indicators
- (iii) **Appendix C** sets out the draft base Treasury Management estimates for 2020/21 with projections to 2024/25. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. Average cash balances will need to be amended to reflect revised forecasts for anticipated Capital receipts, Capital expenditure and use of revenue reserves and this will adjust the final pressure/saving requirement from treasury management.

## 2. RISKS

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

## 3. CONSULTATION

3.1 Consultation to Date.  
None.

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

## 4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

4.1 That this report be received and that the projections for 2020/21 to 2024/25 be incorporated into the budget reports elsewhere on the agenda.

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

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

**Contact Officer:** Emma Gillespie

**Ext:** 7289

**Appendices attached to report:**

- Appendix A1 – Treasury Transactions July to September 2019**
- Appendix A2 – Investment Transactions July to September 2019**
- Appendix A3 – Outstanding Investments at 30 September 2019**
- Appendix B1 – Prudential Code background**
- Appendix B2 – Prudential Indicators**
- Appendix C – Treasury Projections 2020/21 – 2024/25**

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

- None

### **CORPORATE IMPLICATIONS:**

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

**FINANCE** – Contained within the report

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

**INFORMATION GOVERNANCE** – There are no information governance implications.

TREASURY TRANSACTIONS  
JULY 2019 to SEPTEMBER 2019

1. LOANS (DEBT)

1.1 Transactions July to September 2019

	Raised		Repaid	
	£	%	£	%
P.W.L.B	9,000,000	1.80	0	0
P.W.L.B	5,000,000	1.33		
Local Bonds	0	0	0	0
Short Term Loans	0	0	0	0
Overnight Borrowing	0	0	0	0
	<b>14,000,000</b>		<b>0</b>	

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

New loans were made in August 2019 in order to support the delivery of the capital programme (as previously reported to Members). Advice was taken from the Council's Treasury Management advisors prior to undertaking these transactions.

1.2 Loans (Debt) Outstanding at September 2019

	£
City of Carlisle Stock Issue	15,000,000
P.W.L.B.	9,000,000
P.W.L.B.	5,000,000
Short Term Loans	12,800
	<b>29,012,800</b>

### 1.3 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 30 September 2019 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	12,800
			<b>12,800</b>

### 1.4 Interest Rates

Link Asset Services suggests that the next interest rate rise will be to 1% in the third quarter of 2020/21.

## 2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	56,210,000	0.65 - 1.10	38,010,000	0.65 - 1.00
	<b>56,210,000</b>		<b>38,010,000</b>	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 30 September 2019.

## 3 REVENUES COLLECTED

To: 30 September 2019		Collected £	% of Amount Collectable %
2019/20	Council Tax NNDR	36,403,520 25,102,107	56.80 57.01
<b>Total</b>		<b>61,505,627</b>	<b>56.88</b>
2018/19	Council Tax NNDR	34,146,022 26,058,251	56.55 58.15
<b>Total</b>		<b>60,204,273</b>	<b>57.23</b>
2017/18	Council Tax NNDR	32,327,974 25,527,972	56.55 57.28
<b>Total</b>		<b>57,855,946</b>	<b>56.87</b>

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

#### 4 BANK BALANCE

At 30 September 2019 £191,802.78 in hand.

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

#### 5 PERFORMANCE ON TREASURY MANAGEMENT TRANSACTIONS TO SEPTEMBER 2019

April –September 2019

	Profiled Budget £000	Actual £000	Variance £000
Interest Receivable	(222)	(179)	43
Interest Payable	475	190	(285)
Less Rechargeable	0	0	0
	<b>475</b>	<b>190</b>	<b>(285)</b>
Principal Repaid (MRP)	21	21	0
Debt Management	12	13	1
<b>NET BALANCE</b>	<b>286</b>	<b>45</b>	<b>(241)</b>

The profiled budget is to 30 September 2019.

Interest receivable is slightly below expectations due to lower than forecast average cash balances and a lower rate of return being achieved on treasury investments when compared to when the budgets were set. However, it is expected this position will improve during the remainder of the financial year as monies received from new borrowing are invested until required to fund expenditure on capital projects. Interest payable is lower due to borrowing being taken part way through the year instead of at the start of the year as assumed in the budget. The rate borrowing was undertaken at was also lower than budgeted. The CCLA property investment saw a decrease in the capital value to the end of September. Dividends and yield levels are currently 4.35%.

## APPENDIX A2

### SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2019

INVESTMENTS MADE		INVESTMENTS REPAID	
	£		£
Federated Investors	2,200,000.00	HSBC	550,000.00
HSBC	3,600,000.00	HSBC	350,000.00
HSBC	250,000.00	HSBC	1,000,000.00
HSBC	1,900,000.00	HSBC	3,290,000.00
Bank of Scotland	1,000,000.00	Federated Investors	2,100,000.00
HSBC	250,000.00	HSBC	2,560,000.00
HSBC	350,000.00	Goldman Sachs	1,000,000.00
HSBC	550,000.00	Federated Investors	360,000.00
Bank of Scotland	1,000,000.00	Santander	2,000,000.00
HSBC	350,000.00	HSBC	300,000.00
HSBC	500,000.00	Handelsbanken	500,000.00
Goldman Sachs	1,000,000.00	HSBC	2,400,000.00
Federated Investors	800,000.00	HSBC	250,000.00
Federated Investors	1,660,000.00	Standard Chartered	1,000,000.00
Handelsbanken	4,000,000.00	HSBC	5,500,000.00
HSBC	950,000.00	Handelsbanken	500,000.00
Santander	2,000,000.00	HSBC	1,000,000.00
HSBC	250,000.00	Standard Chartered	2,000,000.00
HSBC	250,000.00	Handelsbanken	1,050,000.00
HSBC	250,000.00	Handelsbanken	600,000.00
HSBC	1,000,000.00	Handelsbanken	2,400,000.00
Handelsbanken	250,000.00	Federated Investors	3,000,000.00
Handelsbanken	250,000.00	Handelsbanken	1,300,000.00
HSBC	6,000,000.00	Standard Chartered	1,000,000.00
Goldman Sachs	2,000,000.00	Goldman Sachs	1,000,000.00
Santander	3,000,000.00	Santander	1,000,000.00
HSBC	5,000,000.00		
HSBC	750,000.00		
<b>TOTAL</b>	<b>56,210,000</b>		<b>38,010,000</b>
		Bfwd	18,238,462
		Paid	56,210,000
		Repaid	38,010,000
		<b>Total</b>	<b>36,438,462</b>
		<b>CCLA Change</b>	<b>-34,728</b>
		<b>Total</b>	<b>36,403,734</b>

### Outstanding Investments as at 30 September 2019

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
Y	MMF Federated Investors (UK)	1,000,000	0.73%		MMF			
R	Goldman Sachs	1,000,000	0.94%	12/04/2019	21/10/2019	386	192	4,945
R	Goldman Sachs	1,000,000	0.93%	15/04/2019	25/10/2019	390	193	4,918
O	HSBC UK	5,000,000	0.90%		Call31			
O	HSBC UK	4,000,000	0.90%		Call31			
O	Bank of Scotland	2,000,000	1.15%	01/11/2018	05/11/2019	401	369	23,252
O	Bank of Scotland	1,000,000	0.98%	05/07/2019	20/12/2019	446	168	4,511
O	Bank of Scotland	1,000,000	1.00%	16/07/2019	20/01/2020	477	188	5,151
R	Goldman Sachs	1,000,000	0.82%	26/07/2019	31/01/2020	488	189	4,246
O	Bank of Scotland	2,000,000	1.25%	13/02/2019	21/02/2020	509	373	25,548
R	Goldman Sachs	2,000,000	0.89%	27/08/2019	28/02/2020	516	185	9,022
R	Goldman Sachs	2,000,000	0.90%	11/09/2019	16/03/2020	533	187	9,222
R	Goldman Sachs	2,000,000	0.96%	27/09/2019	27/03/2020	544	182	9,574
R	Santander UK	1,000,000	1.00%	27/09/2019	27/03/2020	544	182	4,986
R	Santander UK	2,000,000	1.00%		Call180			
R	Santander UK	3,000,000	1.00%		Call180			
O	Bank of Scotland	2,000,000	1.10%	11/09/2019	04/08/2020	674	328	
<b>Total Investments</b>		<b>£33,000,000</b>	<b>0.97%</b>			<b>492</b>	<b>228</b>	<b>£105,373</b>

Borrower	Current Market Value (£)	Current Yield	Start Date	Initial Investment (£)	Entry Cost (£) <sup>1</sup>	Initial Market Value (£)	Unrealised Growth (£)
CCLA Property Fund	3,403,734	4.35%	31/07/2014	3,000,000	(163,104)	2,836,896	403,734

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

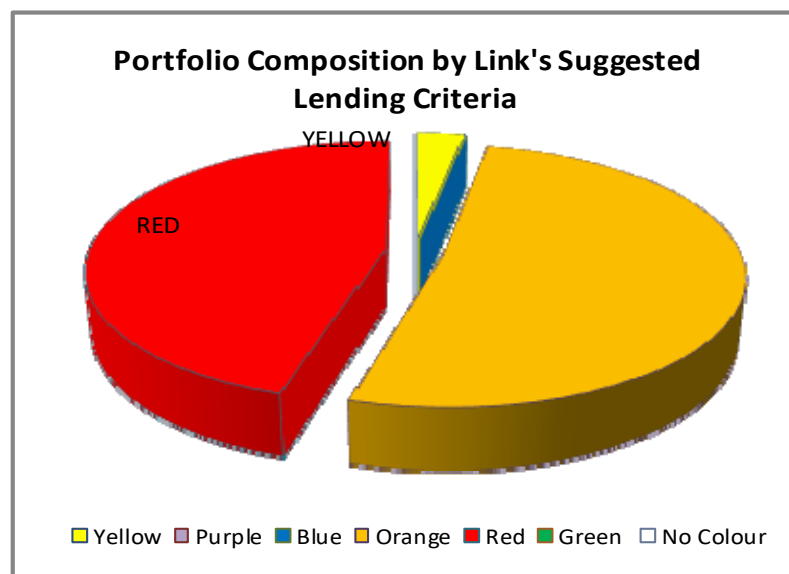
The category colour represents the duration of investment recommended by Link, the Council's Treasury Advisors. Those investments with no colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

## Investment Summary Sheet

						Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Days to Maturity from Execution WAM at Execution
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	
Yellow	3.03%	1,000,000	100.00%	1,000,000	3.03%	0.73%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Orange	51.52%	17,000,000	52.94%	9,000,000	27.27%	1.00%	85	163
Red	45.45%	15,000,000	33.33%	5,000,000	15.15%	0.94%	150	184
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	<b>100.0%</b>	<b>33,000,000</b>	<b>45.45%</b>	<b>15,000,000</b>	<b>45.45%</b>	<b>0.97%</b>	<b>112</b>	<b>168</b>

Risk Score for Colour (1 = Low, 7 = High)	Sep 2019	Jun 2019	Mar 2019	Dec 2019
1	0.0	0.1	0.0	0.2
2	0.0	0.0	0.0	0.0
3	0.0	0.0	0.0	0.0
4	2.1	1.1	1.6	1.2
5	2.3	3.0	3.0	2.6
6	0.0	0.0	0.0	0.0
7	0.0	0.0	0.0	0.0
	<b>4.4</b>	<b>4.2</b>	<b>4.6</b>	<b>4.0</b>

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



Normal' Risk Score	3.5	3.5	3.5	3.5
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### THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

#### 1. Introduction

- 1.1 The Local Government Act 2003 brought about a new borrowing system for local authorities known as the Prudential Code (the Code). This gives to Councils much greater freedom and flexibility to borrow without government consent so long as they can afford to repay the amount borrowed.
- 1.2 The aim of the Code is to support local authorities when making Capital investment decisions. These decisions should also be in line with the objectives and priorities as set out in the Council's Corporate Plan.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that the Capital investment plans of the Council are affordable, prudent and sustainable, or if appropriate, to demonstrate that they may not be. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. These objectives are consistent with and support local strategic planning, local asset management planning and proper option appraisal. They also encourage sound treasury management decisions.

#### 2. Prudential Indicators

- 2.1 To demonstrate that the Council has fulfilled these objectives, the Code sets out indicators that must be used. It is for the council to set any indicative limits or ratios. It is also important to note that these indicators are not designed to be comparative performance figures indicators but to support and record the Council's decision making process.
- 2.2 Appendix B2 sets out the latest performance indicators for the current year.

#### 3. Prudential Borrowing

- 3.1 Local authorities have always funded a substantial element of their capital programme via borrowing. This continues to be the case but until the introduction of the Prudential Code any local authority borrowing was essentially based upon a government 'permission to borrow'. Following the introduction of the Prudential Code in 2003, the permission to borrow was essentially withdrawn and Councils were given greater freedom to borrow so long as they can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

PRUDENTIAL INDICATORS

Central to the operation of the Prudential code is the compilation and monitoring of prudential indicators covering affordability, prudence, Capital expenditure, and treasury management. Set out below are the indicators for 2019/20 to date as detailed in the Treasury Management Strategy Statement for 2019/20.

**(a) Affordability**

	2019/20 Original Estimate £	2019/20 Revised Estimate £
<b>(i) Capital Expenditure</b>	25,071,200	23,222,900
<b>(ii) Financing Costs</b> Total Financing Costs	1,717,000	1,599,800
<b>(iii) Net Revenue Stream</b> Funding from Govt Grants/Local Taxpayers	12,372,000	12,372,000
<b>(iv) Ratio of Financing Costs to Net Revenue Stream</b> The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	13.88%	12.93%
<b>(v) Incremental Impact on Council Tax</b> This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	16.34	14.02
<b>(vi) Authorised Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.	37,600,000 15,012,800	44,100,000 29,012,800

	2019/20 Original Estimate £	2019/20 Revised Estimate £
<b>(vii) Operational Borrowing Limit</b> Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000 15,012,800	39,100,000 29,012,000
<b>(viii) Capital Financing Requirement (CFR)</b> As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	34,904,000	29,501,000

**(b) Prudence and Sustainability**

	2019/20 Original £
<b>(i) New Borrowing to Date</b> Long Term Borrowing has been taken in 2019/20 to date	0 14,000,000
<b>(ii) Percentage of Fixed Rate Long Term Borrowing</b> at September 2019	100%
<b>(iii) Percentage of Variable Rate Long Term Borrowing</b> at September 2019 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
<b>(iv) Minimum Level of Investments Classified as Specified</b> Level of Specified Investments as at September 2019  As part of the Capital Investment Strategy for 2019/20, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies.	50.00% 100.00%

# TREASURY AND DEBT MANAGEMENT BASE ESTIMATES

# APPENDIX C

Set out below are the base treasury management estimates for 2020/21 with projections to 2024/25

<b>Carlisle City Council</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest Payable	1,507	816	990	948	904
Core MRP	441	267	968	1,126	1,085
MRP Adjustments - Voluntary and Assets Under Construction	(226)	(226)	0	0	0
MRP Adjustments - Adjustment A	(241)	(241)	(241)	(241)	(241)
Voluntary MRP (to match principal repayments)	26	200	0	0	0
Debt Management					
Link	12	12	12	12	12
Publications	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(18)	(18)	(18)	(18)	(18)
<b>Total Expenditure</b>	<b>1,502</b>	<b>811</b>	<b>1,712</b>	<b>1,828</b>	<b>1,743</b>
Interest Receivable	(320)	(304)	(299)	(327)	(353)
<b>Total Income</b>	<b>(320)</b>	<b>(304)</b>	<b>(299)</b>	<b>(327)</b>	<b>(353)</b>
<b>Treasury Management Net Expenditure</b>	<b>1,182</b>	<b>507</b>	<b>1,413</b>	<b>1,501</b>	<b>1,390</b>
<b>Council Resolution Budget 19/20</b>	<b>1,536</b>	<b>908</b>	<b>1,262</b>	<b>1,341</b>	<b>1,341</b>
<b>Difference to Council Resolution Position (budget pressure / (Saving))</b>	<b>(354)</b>	<b>(402)</b>	<b>151</b>	<b>160</b>	<b>49</b>
<b>Cumulative Difference to Council Resolution Position</b>	<b>(354)</b>	<b>(756)</b>	<b>(605)</b>	<b>(446)</b>	<b>(397)</b>



# Report to Executive

Agenda  
Item:

**A.1**  
**(f)**

Meeting Date: 18 November 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD.22/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: LOCAL TAXATION 2020/21 – 2024/25  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD.32/19

## Purpose / Summary:

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

## Recommendations:

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2020/21 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2020/21 subject to the continuing involvement of the other partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.

## Tracking

Executive:	<b>18 November 2019, 16 December 2019</b>
Scrutiny:	<b>BTSP 03/12/19; HWSP 21/11/19; EGSP 28/11/19</b>
Council:	<b>4 February 2020 (Budget Resolution)</b>

## 1. INTRODUCTION

- 1.1. This report considers aspects of Local Taxation decisions that will need to be made as part of the Budget process for 2020/21 onwards.

## 2. COUNCIL TAX

### 2.1 Level of Council Tax

The Medium Term Financial Plan assumes that the City Council element of residents Council Tax bills will increase by **£5 per annum** (Band D Equivalent) between 2020/21 and 2024/25. The table below shows the annual Band D charge currently included in the MTFP with this increase:

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Band D Council Tax	£212.20	£217.20	£222.20	£227.20	£232.20	£237.20
Year on Year Increase £		£5.00	£5.00	£5.00	£5.00	£5.00
Year on Year Increase %		2.36%	2.30%	2.25%	2.20%	2.15%

The Government has issued a technical consultation paper on the 2020/21 Local Government Funding Settlement and has indicated that the core referendum limit of 2% be continued that will allow Shire District Councils to increase council tax by either 2% or £5, whichever is higher.

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

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
MTFP Tax Base	33,850.60	34,189.11	34,531.00	34,876.31	35,225.07	35,577.32
MTFP Council Tax Yield (£000)		£7,426	£7,673	£7,924	£8,179	£8,439

### 2.2 Council Tax Surplus/Deficit

The Medium Term Financial Plan assumes that there will be a recurring surplus on the Collection Fund for Council Tax of £50,000. An estimate of the year end surplus is undertaken in January each year and this estimate is then incorporated into the budget process as the amount that will either be recovered from Council Tax or repaid to taxpayers through a lower Council Tax requirement in following years. The year-end position for 2018/19 was slightly lower than that estimated in January for 2018/19, therefore, there is likely to be a higher surplus to be distributed in 2020/21 compared to that currently included in the budget. This will not be known until the calculation is made on 15 January 2020 (the statutory date for calculation).

## 2.3 Council Tax Base

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

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

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

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

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

Table one: Cost of CTRS to Carlisle City Council

Financial Year	Amount Awarded £	Carlisle Share of Amount Awarded	Carlisle Share of RSG Grant	Net Cost to Carlisle	Amount Paid to Parishes	Funded by Carlisle CC
2013-14	7,201,667	878,603	816,214	62,389	53,884	<b>8,505</b>
2014-15	6,850,598	835,773	619,637	216,136	53,884	<b>162,252</b>
2015-16	6,618,910	807,507	447,582	359,925	53,884	<b>306,041</b>
2016-17	6,764,774	825,302	306,030	519,272	53,884	<b>465,388</b>
2017-18	6,809,148	803,479	171,257	632,222	30,154	<b>602,068</b>
2018-19	7,050,186	824,872	89,516	735,356	14,775	<b>720,581</b>
2019-20	7,166,719	819,573	0	819,753	0	<b>819,753</b>
2020-21	7,460,249	857,929	0	857,929	0	<b>857,929</b>

The Carlisle Share of the amount awarded is based on the Council's 11.5% element of the Council Tax charge with the other precepting authorities picking up their share of the cost based on their share of Council Tax.

#### **2.4.1 Local Discretion CTRS**

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

- As pensioners (2,984 cases) are protected under the regulations, any Council Tax levied would only be against working age CTRS claimants (4,603 cases);
- It was concerned about the impact of any reduction to CTRS given the other welfare cuts, especially in relation to low income working households. For example, a 20% reduction in CTRS that many Authorities have introduced would cost the average claimant £200 – 250 per annum of £5 per week;
- Recovering Council tax liability from such low-income groups would significantly increase the Council's collection/recovery costs and there is doubt that a majority of Council Tax would actually be paid increasing write offs.

It should be noted that in 2019/20 only 34 Councils out of 326 (including the six Cumbrian Districts) have maintained a fully rebated CTRS Scheme.

#### **2.4.2 Options for Change**

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

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

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

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

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

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

Only (i) would raise significant income for the Council and in 2020/21 only £104,000 which would probably only just cover the Council's costs of collection and bearing in mind the likely write-offs, unlikely to make business sense.

As the cost of fully funding CTRS will be £860,000 by 2020/21, the Council will need to keep its current fully rebated CTRS Scheme under review in close liaison with the County Council and Police Authority, as consultees to any proposed changes.

**It is therefore recommended that the current statutory default scheme be continued for 2020/21.**

### **3.0 BUSINESS RATES**

#### **3.1 Business Rate Retention**

The Medium Term Financial Plan incorporates the baseline funding assessment for retained business rates as set by the Government in the Local Government Finance Settlement. On top of this, additional income is incorporated into the budget, on the expectation that the retained element of business rate receipts over and above this level will be achieved. This will be through a combination of receipt of Section 31 grants to compensate the Council for reliefs and discounts provided by the Government, e.g. Small Business Rate Relief, natural growth in business rate income

and also from the benefits of participating in the Cumbria Business Rate Pooling arrangements.

Total income from Business Rates included in the MTFP is as follows:

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
Baseline Funding	3,411	3,513	3,583	3,655	3,728
Additional Business Rate Income	900	900	900	900	900
	4,311	4,413	4,483	4,555	4,628

These figures will be subject to change during the budget process, especially in relation to the additional business rate income given the continuation of the Cumbria Pooling arrangements in 2020/21; paragraph 3.2 refers. The sum can be increased by £1,500,000 as a result of the continuation of the pool, and overall growth when compared to the baseline funding.

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

The Government has previously consulted on the proposed additional burdens (costs previously supported by grants) to be passed on to local authorities as part of any changes to the rates retention scheme and local government keeping a greater share of locally generated income. The majority of the areas under consideration would fall to upper tier authorities, e.g. around social care and public health. District Councils will likely to be asked to pick up the costs of Housing Benefit Administration for pensioners and Local Support of Council Tax (LSCT) Administration which is currently provided as a specific grant. This Council currently receives £124,000 for LSCT administration and £280,000 for housing benefit administration in its entirety.

Until further details are known about how the new system will work in practice and what formula and needs assessment will be undertaken, it is not possible to determine the possible effects on the Council with any degree of certainty.

### **3.2 Business Rate Pooling**

The Council has successfully participated in the Cumbria Business Rate Pool arrangements since 2014/15. This allows the Council to benefit from the 50% business rate growth in Cumbria that would normally be passed back to Central Government as levy payments. The Council benefited by £610,626 in 2018/19.

The MHCLG has decided not to revoke the existing legislation governing pooling arrangements, and therefore the pooling arrangements will continue for 2020/21 if all participating members agree. The principle of continuing in the Cumbria Pool was provided to the MHCLG by 25<sup>th</sup> October 2019.

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

### **4.0 SUMMARY OF ASSUMPTIONS**

- A £5 (Band D Equivalent) Council Tax increase for 2020/21 onwards.
- A Council Tax Surplus for 2020/21 onwards of £50,000. The actual figure for 2020/21 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £900,000 to be achieved through growth/section 31 grants and from the benefits of Pooling in 2020/21; however, it is proposed that this sum be increased by £1,500,000 for 2020/21;
- An assumed taxbase of 34,189.11 for 2020/21. The final taxbase for 2020/21 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2020/21 is for a total of £644,000. The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

### **5.0 RISKS**

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

## **6.0 CONSULTATION**

- 6.1 The Business and Transformation Scrutiny Panel will consider this report on 3 December 2019, and their views fed back to the Executive on 9 December. The draft budget proposals will then be issued by the Executive on 16 December and will be subject to wider internal and public consultation.

## **7.0 RECOMMENDATIONS**

The Executive is requested to:

- (i) Note the contents of the report including the current assumptions built into the MTFP with regard to local taxation issues;
- (ii) Approve, for recommendation to Council as part of the budget process, the 2020/21 Local Support for Council Tax scheme as set out in paragraph 2.4.
- (iii) Approve the continuation of involvement in the Cumbria Business Rate Pool arrangements for 2020/21 subject to the continuing involvement of the other partners, with the final decision on participation being delegated to the Corporate Director of Finance and Resources.

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

- 8.1 To ensure that a balanced budget is set.

**Contact Officer: Steven Tickner**

**Ext: 7280**

**Appendices  
attached to report:**

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

- None

## **CORPORATE IMPLICATIONS**

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

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

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

**INFORMATION GOVERNANCE** – There are no information governance implications.

# Report to Council

**Agenda  
Item:**

**16(i)**

Meeting Date: 10 September 2019  
 Portfolio: Finance, Governance and Resources  
 Key Decision: Yes: Recorded in the Notice Ref: KD08/19  
 Within Policy and Budget Framework YES  
 Public / Private Public

Title: MEDIUM TERM FINANCIAL PLAN 2020/21 to 2024/25  
 Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
 Report Number: RD24/19

## Purpose / Summary:

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

## Recommendations:

The Council is asked to approve the Medium-Term Financial Plan for the period 2020/21 to 2024/25.

## Tracking

Executive:	<b>22 July 2019</b>
Scrutiny:	<b>25 July 2019</b>
Executive:	<b>19 August 2019</b>
Council:	<b>10 September 2019</b>

## **1. BACKGROUND**

- 1.1 The Medium-Term Financial Plan (MTFP) is the key policy document to guide the Council's forward financial planning process. The attached report details the current Plan for the period 2020/21 to 2024/25. The MTFP is reviewed annually starting with the assumptions made in the Budget Resolution approved by Council on 20 February 2019. The starting point for the MTFP is to show the impact of the Council Resolution and raise awareness of the issues that are on the horizon that will need to be considered as part of the detailed budget process.
- 1.2 The Corporate Charging Policy has also been reviewed and included within the MTFP. It provides a framework detailing potential policy options for each Charging area. This recognises that different approaches may be required for different services and that there are a variety of influences that need to be acknowledged in charge setting.
- 1.3 The MTFP has been prepared at a time of great uncertainty in respect of the economy, especially in terms of the on-going Brexit debate, and also in terms of the Government's approach to Public Sector Funding in general and particularly for Local Government Funding.

## **2. KEY DATES**

- 2.1 A timetable for the budget process will be prepared and the overall budget position for revenue and capital, and individual reports on spending pressures, saving proposals, and charging reports will be considered by the Executive at its meeting on 18 November. These reports will be scrutinised by the three Scrutiny Panels at the end of November and beginning of December.
- 2.2 Development of the budget consultation documents was undertaken as part of last year's process with improved visuals produced including a 'Have your say' document. This provided more clarity on the budget pressures the Council faced and assisted stakeholders in their understanding of the budget process. Work will continue to improve the more formal reports presented to the Executive and to the Scrutiny Panels as requested by previous Panels.

## **3. KEY MESSAGES**

- 3.1 The MTFP shows the starting position for budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. Key to these considerations will be:
  - Further clarity on the future of local government funding through the Spending Review, Fair Funding Review and any changes to future Business

Rate Retention schemes, that may pass on added responsibilities to the Council.

- Achievement of transformation savings;
- Further reductions in government grant as part of the Fair Funding Review, e.g. New Homes Bonus, Housing Benefit Admin Grant;

3.2 As well as some significant pressures, there is scope for some additional savings and additional income opportunities to be considered as part of the budget process too. These considerations are likely to be around:

- Business Rate Retention Growth and Pooling (dependent upon new scheme and resets).
- More commercial and investment opportunities

#### **4. RISKS**

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

#### **5. CONSULTATION**

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

5.2 The Business and Transformation Scrutiny Panel considered the MTFP on 25 July, and recommendations will be made to full Council on 10 September.

5.3 Following comments from BTSP and the Executive, the Corporate Charging Policy has been amended to include Armed Forces Veterans in the concessions list for consideration during the preparation of the individual charging reports as part of the 2020/21 budget process.

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

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

The Council is asked to approve the Medium-Term Financial Plan for the period 2020/21 to 2024/25.

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

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

**Contact Officer:** Steven Tickner

**Ext:** 7280

**Appendices** Appendix 1 – Medium Term Financial Plan 2020/21– 2024/25  
**attached to report:**

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

- None

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

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

**Finance** – Contained within the MTFP

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

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

# Medium-Term Financial Plan

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Carlisle City Council

2020/21 to 2024/25

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## 1.0 Introduction

- 1.1 The overarching policy guidelines of the MTFP are that resources will be redirected to Council priorities via the budget process within the overall caveats that: -
- Redirection of resources towards areas of high priority will be contained within existing budgets, unless increases can be justified and funded through the budget process.
  - Council Tax increases will be limited to fair and reasonable levels, taking account of national guidance from Government.
  - External grants and income will be maximised wherever possible to mitigate the effects of budget increases.
  - Partnership working and funding opportunities will be explored wherever feasible.
- 1.2 The Medium Term Financial Plan sets out how Carlisle City Council will manage its finances to deliver against its corporate priorities, whilst protecting its financial standing and responding to the many challenges it faces.
- 1.3 Economic growth in Carlisle will impact on the income the Council receives and also the support it is able to give to vulnerable residents. Treasury Management income will be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to restrictions in bank credit ratings. The effects on the MTFP of any changes to the state of the economy, including the impact of leaving the European Union, will need to be closely monitored in order to react effectively to changing situations. The Government's approach to public sector funding beyond 2019/20 in terms of the Review of Local Authorities Relative Needs and Resources, the Business Rate Retention Reform, and the Comprehensive Spending Review, will be a significant factor for the lifespan of this MTFP.
- 1.4 The Medium-Term Financial Plan provides the corporate financial planning framework to provide strategic direction to the Council for the next five years and to ensure that the financial resources of the Council are directed to achieving the Council's key corporate priorities.

## 2.0 Financial Principles supporting the MTFP

2.1 The key principles to be applied to the Medium-Term Financial Plan (MTFP) are set out by theme below:

### Financial Principle 1 – Revenue Budget Strategy

- Guide the integration of financial planning with the priorities set out in the Carlisle Plan to ensure that spending decisions contribute to the achievement of the Council's priorities;
- Guide and be informed by Directorate Service Plans and other relevant strategies and plans of the Council, which set out how resources will deliver the outcomes and priorities specified in the Carlisle Plan;
- Forecast a minimum five -year corporate and financial planning horizon, with longer periods developed where necessary;
- Manage performance management and decision-making procedures to help achieve the best use of available resources;
- Monitor and evaluate proposed and actual spending to ensure that value for money is obtained;
- Review the Council's Reserves and Balances Policy in line with CIPFA and other best practice guidance to ensure that all the reserves held by the Council are still applicable and relevant;
- Achieve a minimum level of General Fund Reserves of £3.1m over the life of the MTFP subject to an annual risk assessment (Appendix A);
- Consider the use of earmarked reserves to support non-recurring expenditure;
- Commitment to minimise staff compulsory redundancies;
- Consider the impact of any other Government Budget initiatives e.g. 75% retention of Business Rates, Business Rate Baseline resets, the Fair Funding Review and any Comprehensive Spending Review implications;
- Consider the impact of the decision to leave the European Union may have on the Council's budgets, e.g. changing forecasts for interest rates, inflation forecasts, pension fund revaluation and changes in legislation;
- Consider the implications of the triennial revaluation of pensions and the potential impact this may have on the budget;
- Consider the implications of the use of financial resources on the levels of Council Tax and other Council charges;
- Services that have a statutory requirement to be self-financing need consideration in the budget process e.g. Licensing, Building Control;

- Consideration to the use of revenue grants received and held in the Revenue Grants Earmarked Reserve to support the revenue budget;
- Consider how the achievement and any re-profiling of transformation savings will affect the overall level of savings to be made.

Revenue Budget Assumptions:

- *Reduction in overall funding from Business Rates of £850,000 for 2020/21 pending notification and implications of revised retentions scheme and baseline reset;*
- *Inflation is assumed in the MTFP at 2% for expenditure and 3% for income;*
- *Pay Award is assumed in the MTFP at 2%.*

Financial Principle 2 – Commercial and Income Generation

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

Charging/Income Assumptions:

- *Additional income from assets is assumed to offset the balance of £1m saving requirement from asset management in 2019/20 onwards (£420,000) has been achieved to date);*
- *Income from fees and charges currently achieve approximately £5m per annum;*
- *The Corporate Charging Policy assumes that income from fees and charges will increase at 1% above the inflation rate set for expenditure.*

Financial Principle 3 – Council Tax & Business Rates Policy

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

- Determine Council Tax levels that are prudent and retain stability in the Council's financial strength;
- Annual review of the Business Rate Pooling arrangements and whether this should or can continue for 2020/21 onwards depending upon the outcome of the reset of Business Rate Retention scheme;
- Assessment of the impact of business rates retention including impact on Section 31 grants and funding for Small Business Rate Relief and any additional burdens on councils;
- Consider any implications of the Enterprise Zone on the City and potential resources allocated for future projects;
- Annual review and approval of the Council Tax Reduction Scheme (CTRS);
- Consider any likely reductions to Housing Benefit Admin Grant and the impact on the Council with the onset of Universal Credit.

#### Council Tax and Business Rate Assumptions:

- *Council tax levels currently assumed at a £5 increase per annum (Band D Equivalent) over the lifetime of the MTFP;*
- *Business Rate Retention growth assumed at £900,000 (reduced from £1,750,000 in 2019/20) above the baseline level set by Government in 2020/21 pending the reset and re-design of the Business Rate Retention Scheme.*

#### Financial Principle 4 – Treasury Management

- Annual review of the Treasury Management budget for revised interest rates, changes to average balances and the effects of capital spending decisions;
- Finalisation of the repayment and/or re-financing options for the Stock Issue debt due to be repaid in 2020;
- Consider appropriate levels of prudential borrowing if required that is affordable, sustainable and within acceptable council tax levels, and delivers objectives aligned to the Council priorities;
- Treasury Management Strategy to achieve the optimum return on investments, with the security of the principal sum always being the primary consideration.

#### Treasury Management Assumptions:

- *Rate for refinancing stock issue currently included in MTFP at an assumed rate of 2.65% on a principal and interest loan;*
- *Average investment return assumed at 1.33% for 2020/21.*

### Financial Principle 5 – Capital Investment

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

#### Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts (including from Asset Disposal Programme) and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme includes for the £25.5million redevelopment of Leisure Facilities funded from a mixture of capital receipts, earmarked reserves, external grant and borrowing.*

## 3.0 Links to other Strategies

### 3.1 The Carlisle Plan

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

The key priorities are:

- Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle;
- Further develop sports, arts and cultural facilities to support the health and wellbeing of our residents;
- Continue to improve the quality of our local environment and green spaces so that everyone can enjoy living, working in and visiting Carlisle;
- Address current and future housing needs to protect and improve residents' quality of life;
- Promote Carlisle regionally, nationally and internationally as a place with much to offer – full of opportunities and potential.

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

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

- The Capital Investment Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget;
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget;
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio;
- The Procurement and Commissioning Strategy;
- Local Plan/Local Development Framework;

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

## 4.0 Revenue Budget Forecasts

### 4.1 Current Budget Forecast

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

4.1.2 The Council approved the current forecast for the period 2019/20 to 2023/24 in February 2019 and updated for the 2018/19 outturn position and details are shown below together with the base estimate figures for 2024/25.

2019/20 Revised £000	Summary Net Budget Requirement	2020/21 Budget £000	2021/22 Proj £000	2022/23 Proj £000	2023/24 Proj £000	2024/25 Proj £000
<b>13,331</b>	<b>Total Recurring Expenditure</b>	<b>13,245</b>	<b>11,869</b>	<b>12,321</b>	<b>12,397</b>	<b>12,764</b>
	<b>Non Recurring Revenue Expenditure</b>					
290	Existing Commitments	(431)	(61)	(70)	0	0
407	Carry Forward	0	0	0	0	0
<b>14,028</b>	<b>Total Revenue Expenditure</b>	<b>12,814</b>	<b>11,808</b>	<b>12,251</b>	<b>12,397</b>	<b>12,764</b>
	<b>Less Contributions (from)/to Reserves:</b>					
(959)	Recurring Commitments Sub Total	(1,458)	267	136	387	353
(697)	Non Recurring Commitments - Existing Commitments	431	61	70	0	0
<b>12,372</b>	<b>Total City Council Budget requirement</b>	<b>11,787</b>	<b>12,136</b>	<b>12,457</b>	<b>12,784</b>	<b>13,117</b>
638	Parish Precepts	644	660	677	694	711
<b>13,010</b>	<b>Projected Net Budget Requirement for Council Tax purposes</b>	<b>12,431</b>	<b>12,796</b>	<b>13,134</b>	<b>13,478</b>	<b>13,828</b>

Table 1a: Summary Budget Position (Expenditure)

The budget requirement is funded as follows:

2019/20	Total Funding and Council Tax Impact	2020/21	2021/22	2022/23	2023/24	2024/25
33,850.60 £000	Estimated TaxBase	34,189.11 £000	34,531.00 £000	34,876.31 £000	35,225.07 £000	35,577.32 £000
	Projected Net Budget Requirement for Council Tax Purposes (Schedule 5)					
12,372	- City	11,787	12,136	12,457	12,784	13,117
638	- Parishes	644	660	677	694	711
<b>13,010</b>	<b>Total</b>	<b>12,431</b>	<b>12,796</b>	<b>13,134</b>	<b>13,478</b>	<b>13,828</b>
	Funded by:					
(7,183)	- Council Tax Income	(7,426)	(7,673)	(7,924)	(8,179)	(8,439)
(3,282)	- Retained Business Rates	(3,411)	(3,513)	(3,583)	(3,655)	(3,728)
(1,750)	- Business Rate Growth/Pooling	(900)	(900)	(900)	(900)	(900)
(107)	-Business Rate Multiplier Grant	0	0	0	0	0
(50)	- Estimated Council Tax Surplus	(50)	(50)	(50)	(50)	(50)
(638)	- Parish Precepts	(644)	(660)	(677)	(694)	(711)
<b>(13,010)</b>	<b>TOTAL</b>	<b>(12,431)</b>	<b>(12,796)</b>	<b>(13,134)</b>	<b>(13,478)</b>	<b>(13,828)</b>
£ 212.20	<b>City Council Tax</b> Band D Council Tax	£ 217.20	£ 222.20	£ 227.20	£ 232.20	£ 237.20
	Increase over Previous year:					
£5.00	£	£ 5.00	£ 5.00	£ 5.00	£ 5.00	£ 5.00
2.47%	%	2.36%	2.30%	2.25%	2.20%	2.15%

Table 1b: Summary Budget Position (Funding)

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

## 4.2 **Funding Prospects**

4.2.1 The Council receives core funding from Government each year as part of the Settlement Funding Assessment which comprises of the Business Rates baseline funding level and information on tariffs and top ups. Although the Government set the Business Rates Baseline, the actual funding is received via the Non- Domestic Rates income the Council collects.

4.2.2 As well as the core funding as agreed in the Settlement Funding Assessment, the Council is also the recipient of other support from central government in the form of specific grants. These are included in the budget as income rather than funding and are linked to specific schemes or services. Further details of grants included in the MTFP are given at section 6.3.

#### 4.2.3 Spending Review

The Chancellor has formally announced that the Spending Review for 2019, has been postponed until 2020 and, instead, a one-year Spending Round covering budgets for 2020/21, will take place with the results being announced on 4<sup>th</sup> September. This means that there will only a 1-year local government settlement for 2020/21 and could also mean the deferring of the implementation of the Fair Funding Review and Business Rate Retention reset (outlined below). This will increase uncertainties in the Medium-Term Financial Plan with a further delay to future funding and the implications it will have on the Council.

#### 4.2.4 Fair Funding Review

The Government has consulted on the Fair Funding Review for the allocation of funding requirements from 2020. However, it is unlikely that any implications of how this will work, including new formula calculations, will be known and as with the spending review this could be deferred until 2020.

**Therefore, it is very difficult to predict the future potential funding for the Council from Central Government beyond 2019/20.** The Fair Funding Review will also have an impact on and be impacted by revisions to the Business Rates Retention system and also specific grants awarded by central government e.g. New Homes Bonus and Housing Benefit Administration Grant.

#### 4.2.5 Business Rates Baseline

The Council budgets for income from Business Rates at the baseline level as set in the Settlement Funding Assessment. However, the income collected and paid over to the main preceptors (Central Government, Cumbria County Council and Carlisle City Council) is based on the projections in the NNDR1 return to Government. Any difference in these amounts is included in the MTFP as part of the Growth/Pooling amount anticipated of £1,750,000 for 2019/20 falling to £900,000 for 2020/21. **However, uncertainty about the future retained business rates scheme beyond 2020 (and possibly being deferred until 2021) means that there may be resets to the scheme that could erode any additional income above baseline levels that have been built up under the previous scheme. Until full details of a future scheme are known it is prudent not to over-estimate any future income from business rates.**

The Council continues to participate in the Cumbria Business Rates Pool that also enables the County and the Council to retain more of the growth it generates. However, any announcement that local authorities will get to keep

more of a share of business rates by 2020 (or 2021) may impact the viability of pools in the future. Further details on how the future retention schemes will actually work and its specific impact on Carlisle are yet to be understood, but any proposals will likely come with an understanding that local authorities will have to take on additional responsibilities (e.g. absorbing some current one-off grants such as Housing Benefit Administration Grant), which may mean additional cost pressures. Further guidance on this issue is anticipated from the MHCLG to inform the budget process.

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

	Budget	Forecasts				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Business Rates Baseline	(3,389)	(3,411)	(3,513)	(3,583)	(3,655)	(3,728)
% Change		1%	3%	2%	2%	2%
Rates Growth/Pooling	(1,750)	(900)	(900)	(900)	(900)	(900)
% Change		-49%	0%	0%	0%	0%
<b>Total Funding</b>	<b>(5,139)</b>	<b>(4,311)</b>	<b>(4,413)</b>	<b>(4,483)</b>	<b>(4,555)</b>	<b>(4,628)</b>

Table 2: Funding

#### 4.2.7 Council Tax

The MTFP includes Council Tax increases from 2020/21 onwards at £5 per Band D equivalent.

The MTFP assumes an increase in the taxbase of 1.00% per year and the City Council's share of the Collection Fund Surplus is assumed to be a recurring £50,000.

Any increase in the tax base as a result of new housing developments will also mean a requirement to provide services to those households. Although there will be an increase in the amount of funding received through Council Tax, the overall cost of providing council services is greater than the amount received through this, so there will be additional cost pressures that need to be recognised in order to provide services to a growing population.

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

	Budget	Forecasts				
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Council Tax Base	33,850.60	34,189.11	34,531.00	34,876.31	35,225.07	35,577.32
% Change		1.00%	1.00%	1.00%	1.00%	1.00%
	£000	£000	£000	£000	£000	£000
Council Tax Surplus	(50)	(50)	(50)	(50)	(50)	(50)
% Change		0%	0%	0%	0%	0%
Band D Council Tax	212.20	217.20	222.20	227.20	232.20	237.20
% Change		2.36%	2.30%	2.25%	2.20%	2.15%
<b>Total Yield</b>	<b>(7,183)</b>	<b>(7,426)</b>	<b>(7,673)</b>	<b>(7,924)</b>	<b>(8,179)</b>	<b>(8,439)</b>

Table 3: Council Tax

### 4.3 **Efficiency Strategy**

4.3.1 In order to ensure the Council maintains a minimum level of reserves to the end of the MTFP period, efficiencies are required throughout the period of the plan. The efficiency strategy will concentrate on the following areas:

- Asset Strategy – to focus on ensuring the council's asset portfolio maximises the benefit to the Council through income generation or by realising receipts of assets that do not generate a return that can then be utilised to ease pressures in capital and revenue budgets through the most appropriate means, e.g. re-investment in new assets and supporting the capital programme to reduce the CFR
- Service Reviews – A review of services to include their purpose and relevance in achieving the Carlisle Plan priorities, including a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services and resources are properly aligned to what the Council wants to achieve.

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

4.3.2 The savings currently included in the MTFP total £1.237million on a recurring basis:

	Target £	Achieved £	Outstanding £
Net Position up to 2016/17	2,412,000	2,389,000	23,000
Net Position up to 2017/18	1,198,000	690,200	507,800
Net Position up to 2018/19	1,479,000	772,700	706,300
<b>Net Recurring Position</b>	<b>5,089,000</b>	<b>3,851,900</b>	<b>1,237,100</b>

Table 4: Savings

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

## 5.0 Provisions, Reserves & Balances

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

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

### 5.2 General Fund

5.2.1 Having undertaken a risk assessment taking into account the risks and working balances required, the balance on the General Fund is currently £3.3m however, this risk assessment indicates that this should broadly equal £3.1million as a prudent level for this reserve. The risk-based assessment of the appropriate level of this reserve is carried out as part of the MTFP process and this is shown at **Appendix A**. The prudent level of reserves may need to be revised in the medium term to reflect the changes circumstances around funding changes retention of business rates.

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

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

### 5.3 **Earmarked Reserves**

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

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

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

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

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

	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000
General Fund Reserve	3,300	3,150	2,123	2,451	2,657	3,044
Projects Reserve	818	0	0	0	0	0
Carry Forward Reserve	512	560	560	560	560	560
	4,630	3,710	2,683	3,011	3,217	3,604
<b><u>Revenue Earmarked Reserves</u></b>						
Flood Reserve	2,014	2,014	2,014	2,014	2,014	2,014
Transformation Reserve	150	0	0	0	0	0
Cremator Reserve	964	964	964	964	964	964
Welfare Reform Reserve	200	0	0	0	0	0
City Centre Reserve	9	9	9	9	9	9
Economic Investment Reserve	6	6	6	6	6	6
Planning Services Reserve	150	150	150	150	150	150
Revenues & Benefits Reserve	338	0	0	0	0	0
Prosecutions Reserve	36	36	36	36	36	36
Promoting Carlisle Reserve	10	10	10	10	10	10
Revenue Grants Reserve	1,143	1,143	1,143	1,143	1,143	1,143
Apprentices Reserve	54	54	54	54	54	54
Building Control Reserve	85	85	85	85	85	85
	5,159	4,471	4,471	4,471	4,471	4,471
<b>Total Revenue Reserves</b>	<b>9,789</b>	<b>8,181</b>	<b>7,154</b>	<b>7,482</b>	<b>7,688</b>	<b>8,075</b>

Table 5: Revenue Reserves

5.3.4 The MTFP does not assume any use of earmarked reserves.

5.3.5 As well as revenue earmarked reserves, the Council also holds a small number of earmarked reserves for capital purposes. These are as follows:

	31/03/2019 £000	31/03/2020 £000	31/03/2021 £000	31/03/2022 £000	31/03/2023 £000	31/03/2024 £000
<b><u>Capital Earmarked Reserves</u></b>						
Usable Capital Receipts	0	0	0	0	0	0
Unapplied Capital Grant	136	112	112	112	112	112
GLL Reserve	273	0	0	0	0	0
Asset Investment Reserve	48	0	0	0	0	0
Lanes Capital Reserve	60	75	90	105	120	135
<b>Total Capital Reserves</b>	<b>517</b>	<b>187</b>	<b>202</b>	<b>217</b>	<b>232</b>	<b>247</b>

Table 6: Capital Earmarked Reserves

## 5.4 **Provisions**

5.4.1 The Council holds a number of provision balances for items where future commitments are likely and use of these are delegated to the relevant Corporate Director in consultation with the Corporate Director of Finance and Resources.

## 5.5 **Charitable and Other Bequests**

The Council holds a number of bequests for use by the Council. These funds can only be released with the full approval of the Council under the terms set out when the bequest was given. In the first instance it will be the responsibility of the Executive to consider a report outlining proposals for the use of the bequest prior to submission of the request to Council.

## 5.6 **The Responsibilities of the Corporate Director of Finance and Resources**

5.6.1 The Corporate Director of Finance and Resources will review each reserve and its protocol annually and produce a report for the Executive as part of the annual budget process detailing: -

- Compliance with the use of reserves and associated protocols,
- Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
- The adequacy of the level of reserves and the effects on the Council's budget requirement,
- Any reserves which are no longer required,

- Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Council's Medium-Term Financial Plan.

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

## 5.7 **Planned Use of Reserves**

5.7.1 When the budget was set in February 2019, it assumed that there would be contributions to and from General Fund Reserve over the life of the MTFP. With the outturn position for 2018/19 now confirmed, the General Fund Reserve and Projects Reserve has been updated as shown in Table 5 above.

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

## 6.0 Income

### 6.1 Fees & Charges

6.1.1 Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix C** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general.

6.1.2 In the past the income target has been set at 1% above the inflation rate. Each directorate must prepare a Charges Review Report as part of the budget process that must clearly set out the overall policy objective. In the past few years, increases in income from charges have not always resulted in the MTFP target being achieved.

6.1.3 There are certain functions the Council provides where it has little or no control over the charges to be set and where the service is statutorily bound to be self-financing, for example Building Control. This requirement is likely to extend to Licensing in the future and this means that any surplus income generated by raising fees has to be ring-fenced to these functions.

6.1.4 The main areas of fee generating income are shown in the table below:

	2017/18 Actual £000	2018/19 Actual £000	2019/20 Budget £000
Parking	(1,216)	(1,195)	(1,158)
Bereavement Services	(1,623)	(1,596)	(1,528)
Development Control	(842)	(689)	(702)
<b>Total</b>	<b>(3,681)</b>	<b>(3,480)</b>	<b>(3,388)</b>

Table 7: Main areas of Income

### 6.2 Property Rentals

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

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

	2017/18 Actual £000	2018/19 Actual £000	2019/20 Budget £000
The Lanes	(1,105)	(1,080)	(1,225)
The Market	(132)	(132)	(110)
Industrial Estates	(2,522)	(2,784)	(2,539)
Misc Properties	(462)	(363)	(437)
<b>Total</b>	<b>(4,221)</b>	<b>(4,359)</b>	<b>(4,311)</b>

Table 8: Property Income

6.2.4 The MTFP makes no provision for additional rental income from assets via rent reviews. However, there is a saving requirement of £1m included in the MTFP associated with asset management, and it is envisaged that any surplus rentals achieved over current base budgets be set aside against this requirement. To date £420,000 has been achieved against this target.

### 6.3 **Grants & Contributions**

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

#### 6.3.1 **New Homes Bonus**

The Council receives central funding in relation to the New Homes Bonus Scheme. The Council receives an allocation of funding under the scheme each year and each allocation will now last for four years. As part of the Local Government Finance Settlement for 2019/20 indicative figures were provided. The MTFP does not assume any new allocations of New Homes Bonus beyond 2020/21; however, it does include the continuation for 4 years of those allocations received in each year. **Revisions to the New Homes Bonus scheme are expected alongside the Fair Funding Review and changes to Business Rates Retention. It should be anticipated that there may be changes to the scheme that reduce the amount of grant that may be awarded in the future.**

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

Allocation Year	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
2015/16	(392)					
2016/17	(480)	(480)				
2017/18	(476)	(476)	(476)			
2018/19	(259)	(259)	(259)	(259)		
2019/20		(351)	(351)	(351)	(351)	
2020/21			?	?	?	?
2021/22				?	?	?
2022/23					?	?
<b>Total</b>	<b>(1,607)</b>	<b>(1,566)</b>	<b>(1,086)</b>	<b>(610)</b>	<b>(351)</b>	<b>0</b>

Table 9: New Homes Bonus

### 6.3.2 Housing Benefit Admin Grant

The Council receives grant funding towards Housing Benefit Administration. The Council currently has a recurring budget of £423,500 for this grant. Allocations are received on an annual basis. However, it is likely that this grant will eventually reduce with the onset of Universal Credit and the resultant downsizing of Housing Benefit Administration by the Council. This reduction in grant will need to be considered in line with any reductions in workload associated with any transition.

## 7.0 Assumptions

7.1 The MTFP includes assumptions regarding the main items of income and expenditure. Some of these assumptions have been previously explained, e.g. Government Funding and Council Tax. The following sections provide further details of the assumptions currently included in the MTFP. Any deviation from these assumptions will be included in the budget process for 2020/21 as pressures or savings.

### 7.2 Pay

- Annual increase in MTFP **2%**
- Salary Turnover Savings **£342,100**
- Pension Contribution Rate (Current Service) **15.6%**
- Sensitivity & Risk Analysis:

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Pay Award (£000)	13,850	139	277	416
Pension Contribution (£000)	1,805	18	36	54
		Risk		
		High	Medium	Low
<b><u>Pay Award</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Salary Turnover</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Pensions</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Capacity to achieve salary turnover savings will be affected by the savings requirement from Vacancy Management and Voluntary Redundancy
  - Implications of the triennial pension revaluation due for 2020.

### 7.3 **General Inflation**

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

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Expenditure (£000)	9,701	97	194	291
Income (£000)	(4,633)	-46	-93	-139
		Risk		
		High	Medium	Low
<b><u>Pay Award</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Salary Turnover</u></b>				
Likelihood of Change				
Impact of Change				

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

#### 7.4 **Investment Income**

- Investment Returns –

	2020/21	2021/22	2022/23	2023/24	2024/25
Investments	1.33%	1.58%	1.83%	1.95%	2.08%
Property Fund	4.50%	4.50%	4.50%	4.50%	4.75%

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Treasury Income (£000)	19,536	195	391	586
Property Fund Income (£000)	3,436	34	69	103
		Risk		
		High	Medium	Low
<b><u>Investment Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Property Fund Income</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Average Balances</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Use of and Contribution to Reserves will impact on average balances and subsequently investment return achieved.
  - Capital Investment decisions will affect the Capital Financing Requirement and average balances
  - The investment returns used when the budget was set in February 2019 will need to be updated given current guidance on when interest rates are expected to change.

## 7.5 **Borrowing**

- Assumed Borrowing - 2019/20 **£18.0m**
- Assumed Borrowing Rate - 2019/20 **2.25%**

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

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

	2020/21	2021/22	2022/23	2023/24	2024/25
CFR	30,959	30,110	35,190	34,036	33,762
MRP	447	329	530	682	647

	Base Level	Sensitivity		
	£000	+/-1%	+/-2%	+/-3%
Borrowing Rate (£000)	17,467	175	349	524
MRP	447	4	9	13
		Risk		
		High	Medium	Low
<b><u>Increase to Borrowing Rate</u></b>				
Likelihood of Change				
Impact of Change				
<b><u>Increase to CFR</u></b>				
Likelihood of Change				
Impact of Change				

- Key Considerations:
  - Borrowing assumed in MTFP for Leisure facilities, Gateway 44 and Southern Relief Road
  - Any future Capital Programme decisions will likely require a borrowing requirement, either internal or external which will have an impact on the revenue budget
  - Re-profiling of anticipated capital receipts will impact on CFR, and subsequently MRP charge

## 8.0 Appendices

### Appendix A – Risk Assessment of Minimum Level of General Fund Reserve 2019/20

Potential Risk	Financial Impact	Financial Exposure (£000)	Probability	Weighting	Risk Score	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	2	132	2	50%	4	66	1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	3	225	3	75%	9	169	5% Charges Income forecasts for 2019/20
Underachievement of Investment Income	2	95	1	25%	2	24	0.5% of exposure of average balance of £19m
Insurance Excesses	2	500	2	50%	4	250	Based on maximum excess for flood (£500k)
Fall in Rental Income from Property	3	215	1	25%	3	54	5% of Rental Income (assumed at £4.5m for 2019/20)
Transformation not met	4	1,134	2	50%	8	567	Transformation savings still to be agreed
Loss of Income from Retained Business Rates	4	1,154	3	75%	12	866	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	3	200	2	50%	6	100	Not met from Transformation Reserve
Emergency Contingency	4	1,000	4	100%	16	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
<b>TOTALS</b>		<b>4,656</b>				<b>3,095</b>	
Maximum Risk Based Reserve Balances						<b>4,656</b>	
Minimum Risk Based Reserve Balances						<b>1,164</b>	
<b>Current Level of Reserves (Projected as at 31/03/20) (General Fund including carry forward reserve)</b>						<b>3,710</b>	
<b>Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based Reserves</b>						<b>615</b>	

## Appendix B – Reserves & Provisions

### Reserves

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
<i>Capital Reserves</i>				
Usable Capital Receipts	0	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Corporate Director of Finance and Resources but approval of their use must be given by Council.	
GLL Reserve	273	To provide funds to purchase equipment from GLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of GLL Ltd.	Management of the reserve rests with the Deputy Chief Executive but can only be used with the agreement of the Council. Use of the reserve should be accompanied by a report to Council providing details of the circumstances giving rise to the need for support to be provided by the Reserve.	This reserve has been released to provide funding for new leisure facilities
Lanes Capital Reserve	60	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve is still required
Asset Investment Reserve	48	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.	Management of the reserve rests with the Corporate Director of Governance and Regulatory Services who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.	This reserve has been transferred to the Carry Forward Reserve as approved in the 2019/20 budget process

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
<i>Revenue Reserves</i>				
General Fund Reserve	3,300	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Corporate Director of Finance and Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> <li>- Cash Flow requirements</li> <li>- Inflation and interest rates</li> <li>- Demand Led Budget Pressures</li> <li>- Efficiency and Productivity Savings</li> <li>- The Availability of funds to deal with major unexpected events or emergencies</li> <li>- Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments</li> </ul> <p>Approval to release funds from the reserve can only be given by the Council as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis</p> <p>Where there is a critical need to access the emergency element of the Fund of £1m on the grounds of protection of persons or property or in any way safeguard the interests of the Council then this can be accessed through agreement with the Leader, Portfolio Holder and Leader of Main Opposition party and will be reported to the next available Council meeting</p>	This reserve is still required and will be increased due to uncertainty regarding the BR retention and other government funding streams

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
Projects Reserve	818	The balance at 31 <sup>st</sup> March shall be earmarked to support potential revenue budget shortfalls identified by the Medium-Term Financial Plan. Additions to the balances thereafter can be used either to support revenue budget shortfalls or projects within the Council's capital programme	Management of the reserve rests with the Corporate Director of Finance and Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level and balances on reserves that are no longer needed. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.	This reserve is still required
Carry Forward Reserve	512	To establish a reserve to hold carry forward budgets. Any expenditure in relation to a carry forward listed below will if possible be funded from base budgets but can be called from this reserve if the section is likely to be in an overspend position at year end.	Management of the Reserve rests with Corporate Director of Finance and Resources. Approval to release funds from the reserve can only be given by the Corporate Director of Finance and Resources and/or The Chief Executive.	This reserve was reviewed as part of the 2019/20 budget process
Building Control Reserve	85	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Corporate Director of Economic Development. The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by Corporate Director of Economic Development via an Officer Decision Notice	This reserve is still required
Conservation Reserve	0	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Corporate Director of Economic Development. Funding is provided from the sale of property. Approval to release	This reserve is still required

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
			funds from the reserve can only be given by the Executive of the Council.	
Transformation Reserve	150	To fund any one off costs associated with transformation projects	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been transferred to General Fund Reserve as approved in the 2019/20 budget process
Cremator Reserve	964	To build up resources to replace cremators when required	Management of the reserve rests with the Deputy Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve has been transferred to General Fund Reserve as approved in the 2019/20 budget process
Economic Investment Reserve	6	To enable continued and dedicated project resource to support employment related projects, Business Support and Regeneration Projects.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still required
City Centre Reserve	9	To establish a reserve for the future Festive Lighting Programme.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by The Chief Executive in consultation with the Deputy Chief Executive, Portfolio Holder and Corporate Director of Finance and Resources.	This reserve is still required
Repairs & Renewals Reserve	0	To establish a Repairs and Renewals Fund that can be used for revenue and capital items in the future, e.g. ICT, Vehicles	Approval to release funds from the reserve can only be given by the Executive of the Council.	This reserve is still required
Flood Reserve	2,014	There are likely to be further costs that are not recoverable from insurers and it is proposed to establish a new reserve to contribute to these costs.	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required and will be utilised to support reinstatement of assets

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
Prosecutions Reserve	36	For future anticipated Barrister & legal fees	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Corporate Director of Governance & Regulatory Services in consultation with the Chief Executive, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Promoting Carlisle Reserve	10	Promoting Carlisle / Economic Development Initiatives	Approval to release funds from the reserve can only be given by a Portfolio Holder Decision Notice by the Leader in consultation with the Corporate Director of Economic Development & Corporate Director of Finance and Resources.	This reserve is still required
Revenues & Benefits Reserve	338	To hold funds received by the Council from MHCLG and DWP which have not yet been utilised, to assist the Council in meeting its costs for future changes to Revenues and Benefits Service.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Portfolio Holder & Corporate Director of Finance and Resources.	This reserve has been transferred to General Fund Reserve as approved in the 2019/20 budget process
Revenues Grants Reserve	1,143	To hold grant funds received by the Council which have not yet been utilised.	Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required but should be subject to a review to determine if all balances held therein are still required
Planning Services Reserve	150	To establish a reserve for the 20% uplift on the new planning fees which are to be spent on the planning service to improve performance.	Approval to release funds from the reserve can only be given by an Officer Decision Notice by the Chief Executive in consultation with the Corporate Director of Economic Development, Portfolio Holder & Corporate Director of Finance and Resources.	This reserve is still required
Apprenticeship Reserve	54	To establish a reserve for the committed balances from the annual Apprenticeship Infrastructure budget that will be required in future years of the employment contracts.	Management of the Reserve Rests with the Corporate Director of Finance and Resources. Approval to release funds from the reserve only be given by the Corporate Director of Finance and Resources in consultation with the relevant Chief Officer.	This reserve is still required

Reserve	Balance 31/3/19	Purpose	Conditions of Use	Future of the Reserve
BRR Volatility Reserve	0	To cushion against losses in Business Rate income as a result of being part of the Cumbria Business Rates Pool	Management of the reserve rests with the Corporate Director of Finance and Resources with the use of the Reserve requiring an Officer Decision notice by the Corporate Director of Finance and Resources.	This reserve is still required

### Provisions

Provision	Balance 31/3/19	Purpose	Future of the Provision
Business Rate Appeals	1,321	To provide an amount for settling outstanding appeals made against business rate liabilities by ratepayers. This amount represents the Council's 40% share of total appeals under business rate retention. This amount is charged against the Collection Fund when settled.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding estimated appeals anticipated.
Insurance Provision	174	To provide an amount for settling outstanding insurance claims taking into account excesses to be paid by the Council and claims to be settled by insurers. The provision at 31 March 2019 also included amounts relating to excess payments due as part of the flood claim.	The provision is reviewed annually as part of the closure of accounts and adjusted according to the outstanding insurance claims at 31 March. Any reductions in to the provision are credited back to general fund and any increases required are charged to general fund as part of the outturn.
Rickergate Ringfenced Account	143	This provision was established to hold the net income received from properties acquired with NWDA funding in Rickergate. Funding was received to acquire the properties and the funding agreement obliged the Council to ring-fence the rental income achieved on the properties pending the final outcome for development of the area. There is therefore a potential obligation to repay these sums if no development occurs.	This provision is reviewed annually and the income generated in the year is added to the balance carried forward. Therefore, the provision is still required.

Provision	Balance 31/3/19	Purpose	Future of the Provision
Land Charges Provision	59	This provision was established to provide a sum to settle claims against the Council for overpaid land charges. A national claim was brought forward that argued that Council's had overcharged for Land Charges in previous years.	This Provision is still required for land and property initiatives
Cemeteries Perpetuity Fund	75	This provision was established to maintain and repair cemetery headstones where owners cannot be contacted.	This Provision is still required
Licencing Appeals	20	This provision was established to provide a sum for settling costs associated with appeals to licensing decisions.	This Provision is still required
Licensing Taxi Plates	7	This provision was established to hold sums paid for Taxi plate deposits	This Provision is still required
Standards Committee Complaints Provision	10	This provision was established to provide a sum for settling costs associated with complaints made from Standards Committee decisions.	This Provision is still required
Property Deposits	3	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Market Hall Deposits	8	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Enterprise Centre Deposits	10	These provisions hold deposits made to the Council for property (e.g. grazing land), enterprise centre and market by tenants. If tenants vacate deposits are repaid.	This Provision is still required
Bequests	18	These provisions hold balances in relation to bequests made to the Council. The Parker bequest was established in 1954 and was to benefit disabled children and other young residents of the City. The District Nursing Amenity Fund was established to provide amenities for nurses homes and retirement allowances to nurses.	These provisions are still required; however it is recommended that these provisions be reviewed to determine how best they can be utilised in line with their original purpose.

## Appendix C - Corporate Charging Policy

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

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

The Corporate Charging Policy assumes that Income from fees included in the Charging Policy will increase by 1% above the inflation rate set for expenditure. For 2020/21 this equates to a 3% increase. The MTFP assumes that income will increase by 3% although this does not necessarily mean that charges have to increase by 3% as increases in demand could account for additional income.

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

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

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

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

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

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

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

### **4. Trading**

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

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

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

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

**Appendix D – Gross Expenditure Breakdown**

	<b>Original Budget 2019/20 £</b>
<b>Expenditure</b>	
Employee Related	15,569,200
Premises Related	3,891,400
Transport Related	1,422,100
Supplies & Services	5,105,100
Third Party Payments	2,648,100
Transfer Payments	26,516,600
Support Services	11,937,400
Capital Financing Costs	2,622,700
Carry forward approvals	406,700
Recharges	(13,970,700)
<b>Total Expenditure</b>	<b>56,148,600</b>
<b>Income</b>	
Government Grants	(1,850,100)
Specific Grants	(27,013,400)
Other Grant/Reimbursements/Contributions	(1,918,700)
Interest	(290,300)
Customer and Client Receipts	(11,048,400)
<b>Total Income</b>	<b>(42,120,900)</b>
<b>Net Budget Requirement</b>	<b>14,027,700</b>
<b>Funded By:</b>	
Council Tax	(7,183,100)
Council Tax Surplus	(50,000)
Retained Business Rates	(3,388,600)
Business Rates Growth/Pooling	(1,750,200)
Reserves	(1,655,800)
<b>Total Funding</b>	<b>(14,027,700)</b>



# Report to Council

**Agenda  
Item:**

**16(ii)**

Meeting Date: 10 September 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref: KD08/19  
Within Policy and Budget Framework YES  
Public / Private Public

Title: CAPITAL INVESTMENT STRATEGY 2020/21 - 2024/25  
Report of: CORPORATE DIRECTOR OF FINANCE AND RESOURCES  
Report Number: RD25/19

## **Purpose / Summary:**

The Council's Capital Investment Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2020/21 to 2024/25. The guidance in this strategy complements and supplements the Medium-Term Financial Plan.

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

Revisions have been made to the Council's Authorised Limit and Operational Boundary to take account of the current forecasts for borrowing and financing of the approved capital programme. Amendments are also proposed to the Council's counterparty limits for investments to take account of increased investment balances when borrowing is undertaken.

## **Recommendations:**

Council is asked to:

- (i) approve the Capital Investment Strategy for the period 2020/21 to 2024/25;
- (ii) approve the updated Authorised Limit's and Operational Boundary's;
- (iii) approve the updated Counterparty limits as outlined at Appendix 1

**Tracking**

Executive:	<b>22 July 2019</b>
Scrutiny:	<b>25 July 2019</b>
Executive	<b>19 August 2019</b>
Council:	<b>10 September 2019</b>

## **1. BACKGROUND**

- 1.1 The Capital Investment Strategy is a key policy document, providing guidance on the Council's Capital Programme and the use of capital resources. The Strategy supplements guidance contained in the Medium Term Financial Plan (MTFP).
- 1.2 The Capital Investment Strategy is reviewed annually alongside the MTFP, starting with the assumptions made in the Budget Resolution approved by Council on 20 February 2019. This position has been updated to reflect any known changes since that date. The Strategy also incorporates the requirements under the Prudential Code 2017 to link capital investment with treasury management activity and service objectives.

## **2. KEY MESSAGES**

- 2.1 The Capital Investment Strategy shows the starting position for the budget considerations for the next five years and gives an indication of the likely factors that will have an impact in the budget setting process. The Capital Programme and the financing of the programme are going to play an important role in shaping future budget considerations due to:
- The re-profiling of asset sales that was undertaken in 2018 and which will be updated as part of the budget process will have a significant impact on the revenue budget through the requirement to fund the capital programme with a borrowing requirement;
  - Additional Capital investment decisions will likely require revenue funding, either as a direct contribution from revenue reserves or through borrowing costs.
- 2.2 Although there is a forecast borrowing requirement to fund the capital programme, there are some factors that will also need consideration. These are:
- Asset sales generating receipts over current estimate levels will reduce any borrowing requirement;
  - The ability to make a recurring revenue contribution to fund the capital programme will reduce any borrowing requirement;
  - A review of the current programme may relieve some of the expenditure pressures.
- 2.3 **Authorised Limit and Operational Boundary**
- 2.3.1 The Authorised Limit and Operational Boundary shown in the Capital Investment Strategy at paragraph 4.4 have been amended to reflect the current borrowing requirements and expectations to fund the approved capital programme. These will

be further reviewed as part of the Treasury Management Strategy Statement that is considered as part of the budget process in February.

## **2.4 Counterparty Limits and Approved Investment Instruments**

- 2.4.1 There is an expectation that borrowing will be undertaken in 2019/20 and 2020/21. This borrowing will be used to fund the capital expenditure on major projects such as the Sands and Gateway 44. When borrowing is undertaken, the Council will need to invest the cash until such time the expenditure is incurred. There is a likelihood that the Council's investment balances will increase significantly until the expenditure is incurred.
- 2.4.2 In order to ensure this cash can be invested, the current counterparty limits (where the council can invest) will need to be increased. Details of the proposed counterparty limits are shown at **Appendix 1**. It is proposed to increase the limits for investments with Lloyds Group banks, HSBC, Goldman Sachs and Santander to £10m (currently £6m).

## **3. RISKS**

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

## **4. CONSULTATION**

- 4.1 The draft Capital Investment Strategy has been considered by the Senior Management Team and the Portfolio Holder for Finance, Governance and Resources.
- 4.2 The Business and Transformation Scrutiny Panel considered the report on 25 July 2019 and recommendations will be made to full Council on 10 September.

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

- 5.1 Council is asked to:
- (i) approve the Capital Investment Strategy for the period 2020/21 to 2024/25;
  - (ii) approve the updated Authorised Limit's and Operational Boundary's;
  - (iii) approve the updated Counterparty limits as outlined at Appendix 1

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

- 6.1 The Capital Investment Strategy contains the current capital programme and how this aims to enhance the Carlisle area through the development of new

infrastructure to both improve service delivery and provide additional facilities in the area.

**Contact Officer:** Steven Tickner

**Ext:** 7280

**Appendices**                      **Appendix 1 – Approved Investment Instruments**  
**attached to report:**      **Appendix 2 – Capital Investment Strategy 2020/21 to 2024/25**

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

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

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

**Finance** – contained within the report

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

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

**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.

- All UK banks and building societies with a minimum specified 'high' credit rating shall have a **maximum of £6m** as the counterparty limit (**individual Transaction Limit for fixed term investments £2m, for instant access and call accounts £6m**).
- Investments with Lloyds Group banks, HSBC, Santander and Goldman Sachs shall have a maximum of **£10m** as the counterparty limit
- All overseas banks with a sovereign rating of not less than the UK sovereign rating and a minimum individual credit rating, shall have a **maximum of £4m** as the counterparty limit (**individual Transaction Limit for fixed term investments £2m, for instant access and call accounts £6m**).
- Where an institution meets the approved counterparty status but the country of registration has an average credit rating below that of the UK; limit such investments in total to such rated non-UK countries to be no more than **£2m** as the counterparty limit. (**individual Transaction Limit for fixed term investments £2m, for instant access and call accounts £2m**).
- UK building societies that are not credit rated shall have a maximum of **£2m** as the counterparty limit. (**individual Transaction Limit for fixed term investments £2m, for instant access and call accounts £2m**).
- MMFs shall have a maximum counterparty limit of **£4m** (**Individual Transaction limit of £4m**).

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 Chief Finance Officer	In-house
Term Deposits – Non UK Banks	Sovereign Rating (not less than UK) Short Term F1 (Fitch) or P1 (Moodys) or as determined by the Chief Finance Officer	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.
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -</b>	<b>Minimum 'High' Credit Criteria</b>	<b>Use</b>
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 Chief Finance Officer. 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
<b>Fixed term deposits with variable rate and variable maturities</b>	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
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
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
1. Bond Funds	Long-term AAA	In-house	50	3 Years
2. Gilt Funds	Long-term AAA	In-house	50	3 Years

### **3. Approved Property Funds**

	Use	Max % of total investments	Max. maturity period
CCLA Property Fund	In-house as determined by the Chief Finance Officer	50	No maximum

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 Link 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.

# Capital Investment Strategy

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Carlisle City Council

2020/21 to 2024/25

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## 1.0 Introduction

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

The objectives of the Capital Investment Strategy are to:

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

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

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

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

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

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

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

#### 1.5 **Current Asset Portfolio**

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

The rental income it receives is used to support Council services and provides a significant proportion of the income it receives. The income from rentals on the non-operational asset portfolio is 63% of what the Council receives in funding from Council Tax.

Asset Category	Valuation 31/03/19 £000	Rental Income £000	Other Income £000	Total Income 19/20 £000
Investment Property	85,038	4,311	0	4,311
Surplus Assets	884	33	0	33
Land & Buildings	30,665	177	4,218	4,395
Infrastructure	5,223	0	0	0
Community Assets	4,076	0	0	0
Dwellings	201	0	0	0
Vehicles Plant & Equipment	6,224	0	0	0
Heritage	19,502	0	0	0
Assets Under Construction	1,470	0	0	0
<b>TOTAL</b>	<b>153,283</b>	<b>4,521</b>	<b>4,218</b>	<b>8,739</b>

### Investment Property (Non-Operational)

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

### Surplus Assets (Non-Operational)

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

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

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

### Land & Buildings (Operational)

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

### Infrastructure (Operational)

These assets include bridges and footpaths

### Community Assets (Operational)

These assets include parks and open spaces

### Dwellings (Operational)

These assets are primarily homeshares used by the homelessness service

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

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

**Heritage (Operational)**

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

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

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

The assets held on the balance sheet are offset by the long-term debt currently held on the balance sheet. As at 31 March 2019, this totalled £15million, which represents a debt cover ratio of 9.78%.

## 2.0 Financial Principles supporting the Capital Strategy

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

- The Corporate Director of Finance and Resources is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council (2.14);
- Capital Programme – Key controls and responsibilities of the Corporate Director of Finance and Resources and Corporate Directors (B.51 – B66).

2.2 The key principles to be applied to the Capital Investment Strategy are set out below:

- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants);
- Capital receipts will be allocated in accordance with Council priorities;
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants;
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements;
- The Council will seek to maximise the use of grants and external funding;
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities;
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process;
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects;
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance;
- Any shortfall against the capital receipts forecast to be received will have significant implications on the ability to deliver the forecast levels of investment without incurring borrowing;

- Review of capital financing decisions which will likely have a revenue budget impact due to lack of capital resources (E.g. through re-profiling of capital receipts and borrowing);
- Review the Asset Review Business Plan to see if any asset sales can be re-profiled and whether expected proceeds require revisions;
- The reinstatement works for flood affected assets are likely to increase the capital programme but will be funded mainly from insurance settlements;
- In order to reduce the exposure of the council to a borrowing requirement the following steps should continue to be examined:
  - Review of existing capital programme to ensure that schemes are still required and are accurate;
  - Maximisation of the use of grants and contributions from external sources;
  - Providing a recurring revenue contribution to the capital programme;
  - Invest to save schemes that can repay the capital investment over a period of time.

#### Capital Investment Assumptions:

- *The current capital programme is forecast to utilise all forecast capital receipts and includes a borrowing requirement to fund the planned programme.*
- *The Capital programme includes for the £25.5million redevelopment of Leisure Facilities funded from a mixture of capital receipts, earmarked reserves, external grant and borrowing.*

### 2.3 **Carlisle Plan and Other Council Strategies, Plans and Policies**

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

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

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

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

## 3.0 Capital Expenditure

### 3.1 Capital Investment Priorities

The Capital Investment Strategy needs to ensure that any capital investment decisions are both affordable and achieve the priorities as set out in the Carlisle Plan. The Council is at a point where capital resources have become scarce and as such any investment in assets is likely to have implications on the revenue budget.

The Capital Investment Strategy must therefore recognise the implications of capital investment decisions and ensure that they are in line with Council priorities and financing requirements are robustly evaluated and understood.

The current capital programme includes provision for investment in new Leisure facilities at £25.5million primarily funded from borrowing that will be offset by a reduction in the subsidy payable on the Leisure contract. The programme also includes provision for Gateway 44 investment and Carlisle Southern Relief Road.

Other capital investment opportunities may present themselves over the lifetime of the MTFP with initiatives progressing for Garden Village and Borderlands. Each will be subject to further business cases on investment opportunities and the benefits that could be made from those investments.

All business cases will be subject to the usual due diligence to ensure that they afford the best value for money for the Council, align with its core priorities and do not expose the Council to unnecessary risk that could put future delivery of services in jeopardy. Further details on the Council's attitude to risk and due diligence is given at section 5 (Commercial Activity).

The table below shows the current capital resources at the end of 2018/19 before any new decisions around capital investment are made.

	Budget	Forecasts				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Borrowing Requirement B/Fwd	1,875					
Estimated resources available in year (Table 3)	(7,346)	(8,272)	(3,848)	(2,554)	(2,393)	(2,393)
Proposed Programme (Table 2)	23,192	13,454	5,897	8,555	1,933	1,933
<b>(Surplus Capital Resources) / Borrowing Requirement - Cumulative</b>	<b>17,721</b>	<b>22,903</b>	<b>24,952</b>	<b>30,953</b>	<b>30,493</b>	<b>30,033</b>

Table 1: Current Capital resources

### 3.2 **Current Expenditure Forecast**

The Council approved the current forecast for the period 2019/20 to 2023/24 in February 2019 and details are shown below adjusted for the outturn from 2018/19 and also for decisions made in relation to capital investment between April and June 2019.

	Budget	Forecasts				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Disabled Facilities Grants	3,179	1,467	1,467	1,467	1,467	1,467
Vehicles Plant & Equipment	1,725	647	1,486	1,297	0	0
Property Enhancements	330	250	250	250	250	250
ICT Strategy	117	83	83	116	171	171
Recycling Containers	45	45	45	45	45	45
Play Area Developments	35	0	0	0	0	0
Old Town Hall/Greenmarket	380	0	0	0	0	0
Gateway 44	6,459	0	0	0	0	0
Play Areas - Green Gyms	33	0	0	0	0	0
Tennis Facility - Bitts Park	94	0	0	0	0	0
Planning Software	150	0	0	0	0	0
Cemetery Infrastructure	11	0	0	0	0	0
Open Space Improvements	85	0	0	0	0	0
Minor Works Grants	23	0	0	0	0	0
Affordable Homes	50	0	0	0	0	0
Asset Purchase	150	0	0	0	0	0
Flood Reinstatement	(68)	0	0	0	0	0
Carlisle Southern Relief Road	0	0	0	5,000	0	0
Civic Centre Digital Banner	20	0	0	0	0	0
Leisure Facilities	10,374	10,962	2,566	380	0	0
<b>Total Programme</b>	<b>23,192</b>	<b>13,454</b>	<b>5,897</b>	<b>8,555</b>	<b>1,933</b>	<b>1,933</b>

Table 2: Current Capital Programme

### 3.3 Current Resource Forecasts

The Council's capital programme can be financed, (or paid for), through a variety of sources and the Corporate Director of Finance and Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. Table 3 shows the estimated level of capital resources, which will be generated over the next five years.

	Budget	Forecasts				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Grants & Contributions	4,059	1,467	1,467	1,467	1,467	1,467
Capital Receipts (Asset Review)	1,700	5,787	1,455	161	0	0
Revenue Financing	1,587	1,018	926	926	926	926
<b>Total Resources Receivable in Year</b>	<b>7,346</b>	<b>8,272</b>	<b>3,848</b>	<b>2,554</b>	<b>2,393</b>	<b>2,393</b>
Borrowing Requirement (in Year)	15,846	5,182	2,049	6,001	(460)	(460)

Table 3: Current Proposed Resources

There is a further £112,000 held within capital grants unapplied account that are not currently allocated to fund specific projects and are therefore not included within the figures above or the opening balances. These can only be utilised on projects linked to the original grant allocations.

#### 3.3.1 Capital Grants

The Council receives one primary capital grant from central government to support its role in providing Disabled Facilities Grants. For 2019/20 the Council has budgeted to receive £1,467,300 which will increase to £1,899,800 now that the 2019/20 allocation has been confirmed. There have been changes to the way the grant is now distributed with the funding being provided to the County Council as the Better Care provider who then allocate funding to the District Councils. Future year's allocations may therefore be subject to change as part of this change in procedure.

#### 3.3.2 Revenue Contributions and Reserves

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

### 3.3.3 Capital Receipts

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

The sale of assets as part of the Asset Review are now utilised to support the Capital Programme in the Capital Strategy. Sales of £1.7million are included in the Capital programme to be achieved in 2019/20.

### 3.3.4 Borrowing Requirement

The borrowing requirement includes £30.0m (external) borrowing over the next five years for the funding of Leisure Facilities, Gateway 44 project and Carlisle Southern Relief Road and this is to be paid for through a reduction in the Leisure contract fee, increased income and developer contributions. However the final costs and funding requirements will be subject to further reports during the budget process.

## 3.4 Asset Management

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

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

## 4.0 Debt, Borrowing and Treasury Management

### 4.1 Borrowing

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

The Council has identified that it may need to borrow £30.0million to fund the current capital programme to support the development of Leisure Facilities, Gateway 44 project and Carlisle Southern Relief Road. The cost of this borrowing is included in the Medium-Term Financial Plan and is also offset by a corresponding savings from the Council's Leisure Contract, increased income and developer contributions.

Borrowing can be undertaken through external loans with, for example, the Public Works Loan Board (PWLB), or can be undertaken by utilising internal resources, i.e. investment balances. This is known as internal borrowing.

The Corporate Director of Finance and Resources is delegated with responsibility for the financing of the capital programme and as such may make borrowing decisions based upon interest rates, the Council's cash flow projections and other economic factors, in order to optimise the overall use of resources. External advice will be sought from the Council's Treasury advisors, Link, if necessary.

In order to reduce the exposure of the council to a borrowing requirement the following steps should be examined when determining proposed capital programmes:

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

Where possible the Council will attempt to avoid using any debt financing for capital projects, however, it recognises that this is not always possible. In cases where debt financing is unavoidable, the Council will consider robust business cases to ensure the servicing of debt costs can be adequately met

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

#### 4.2 **The Capital Financing Requirement**

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

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

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

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

	Budget	Forecasts				
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Total Capital Expenditure	23,192	13,454	5,897	8,555	1,933	1,933
Capital Resources Receivable in Year	(7,346)	(8,272)	(3,848)	(2,554)	(2,393)	(2,393)
MRP & Repayment of Debt	(27)	(11)	(11)	(740)	(897)	(857)
<b>Change in Underlying need to borrow</b>	<b>15,819</b>	<b>5,171</b>	<b>2,038</b>	<b>5,261</b>	<b>(1,357)</b>	<b>(1,317)</b>
CFR Brought Forward	13,682	29,501	34,672	36,710	41,971	40,614
<b>CFR Carried Forward</b>	<b>29,501</b>	<b>34,672</b>	<b>36,710</b>	<b>41,971</b>	<b>40,614</b>	<b>39,297</b>
<b>Adjustment A Revision</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>	<b>(4,426)</b>
<b>Adjustment for Assets Under Construction</b>	<b>(10,374)</b>	<b>(21,336)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CFR FOR MRP PURPOSES</b>	<b>14,701</b>	<b>8,910</b>	<b>32,284</b>	<b>37,545</b>	<b>36,188</b>	<b>34,871</b>

Table 6: Capital Financing Requirement

#### 4.3 Investment and Reserve Balances

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

At 31 March 2019, the Council had cash and investments of £19.539million. If all revenue and capital budgets are spent in line with the budget and all receipts are received in line with expectations then at 31 March 2020, investment balances would be £19.7million. The following table shows the breakdown of the investment balance and what the cash relates to:

	Outturn	Forecasts					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Total Investments	19,536	19,667	18,764	15,349	13,389	13,228	12,993
<i>Made up of:</i>							
General Fund Reserves	4,630	3,710	2,683	3,011	3,217	3,604	3,957
Capital Reserves	381	75	90	105	120	135	150
Earmarked Revenue Reserves	5,159	5,159	5,159	5,159	5,159	5,159	5,159
Provisions	1,849	1,849	1,849	1,849	1,849	1,849	1,849
Collection Fund Adj Account	305	305	305	305	305	305	305
Capital Grants Unapplied	136	112	112	112	112	112	112
Working Capital	5,745	5,745	5,745	5,745	5,745	5,745	5,745
Capital Receipts applied	0	0	0	0	0	0	0
Total Working Capital & Balances	18,205	16,955	15,943	16,286	16,507	16,909	17,277
<b>Surplus Cash/(Cash Deficit)</b>	<b>1,331</b>	<b>2,712</b>	<b>2,821</b>	<b>(937)</b>	<b>(3,118)</b>	<b>(3,681)</b>	<b>(4,284)</b>

Table 7: Investments and Reserves

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

The surplus/deficit cash position represents how much of any borrowing requirement identified can be met from internal resources (internal borrowing) or how much will need to be met from actual external borrowing up to 2024/25.

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

	Outturn	Forecasts					
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
CFR (Underlying Need to borrow)	13,682	29,501	34,672	36,710	41,971	40,614	39,297
Total Borrowing	15,013	32,213	37,493	35,773	38,853	36,933	35,013
<b>(Over)/Under Borrowing Position</b>	<b>(1,331)</b>	<b>(2,712)</b>	<b>(2,821)</b>	<b>937</b>	<b>3,118</b>	<b>3,681</b>	<b>4,284</b>
Less Capital Receipts Applied	0	0	0	0	0	0	0
<b>(Over)/Under Borrowing Position</b>	<b>(1,331)</b>	<b>(2,712)</b>	<b>(2,821)</b>	<b>937</b>	<b>3,118</b>	<b>3,681</b>	<b>4,284</b>

Table 8: Borrowing position

Therefore, the Council is holding £1.331million of cash in its investment balances at 31 March 2019 that can be attributed to the amount of debt it

holds. Where actual debt is greater than the CFR, the Council holds this surplus cash in its investment balances and this is known as over-borrowing.

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

#### 4.4 **Authorised Limit and Operational Boundary**

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

The Authorised Limit is consistent with the authority's current commitments, plans and proposals for capital expenditure and its financing. **However, the overall authorised limit should not be exceeded without prior Council approval.**

The operational boundary is based upon the same estimates as the authorised limit but without the headroom included within the authorised limit to allow for unusual cash movements. As with the authorised limit, the Council is asked to delegate authority to the Corporate Director of Finance and Resources to effect movement between the separately agreed limits for borrowing and other long-term liabilities. The operational boundary can be exceeded in exceptional circumstances without prior Council approval providing that it remains within the authorised limit.

The limits shown below have been amended to reflect the current borrowing forecasts for the Council as outlined above and taking into consideration the requirements for borrowing for major capital projects. The 2019/20 Authorised Limit is proposed to be increased to take advantage of beneficial interest rates for borrowing for the stock issue early pending the repayment of the original loan in early 2020/21. As stated above, the Authorised Limit and Operational Boundary are reviewed annually as part of the Treasury Management Strategy Statement (TMSS) and a further review will be incorporated in the revised TMSS in February 2020.

PRUDENTIAL INDICATOR TREASURY MANAGEMENT INDICATORS	2018/19 actual £000	2019/20 estimate £000	2020/21 estimate £000	2022/23 estimate £000	2021/22 estimate £000	2022/23 estimate £000
<b>Authorised Limit for External Debt:</b>						
- Borrowing	37,500	44,000	44,000	43,000	42,000	40,000
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>37,600</b>	<b>44,100</b>	<b>44,100</b>	<b>43,100</b>	<b>42,100</b>	<b>40,100</b>
<b>Operational Boundary for external debt:</b>						
- Borrowing*	32,500	39,000	39,000	38,000	37,000	35,000
- Other Long Term Liabilities	100	100	100	100	100	100
<b>TOTAL</b>	<b>32,600</b>	<b>39,100</b>	<b>39,100</b>	<b>38,100</b>	<b>37,100</b>	<b>35,100</b>

## 5.0 Commercial Activity

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

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

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

- Commercial capital investments will only be made to enhance the Council's asset portfolio and will be linked to the delivery of the Carlisle Plan;
- Consideration will be given to the economic development potential of any investment decision;
- Expert advice will be sought to ensure any investment decision is based upon sound market intelligence, forecasts for future investment returns and yields that offer a sound investment return without risking the capital invested;
- Any borrowing linked to investment opportunities is secured upon the potential guaranteed element of the investment return so that any liability can be met from the activity undertaken;
- Investment opportunities will always ensure that the Council's investment is protected as far as possible either through increases in capital value or from guaranteed revenue income;
- Capital investment decision will be subject to the usual governance processes of consideration by Executive, scrutiny by the appropriate panel and Council approval where a budget is required to be established;

## **6.0 Other Long-Term Liabilities**

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

## 7.0 Knowledge and Skills

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

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

### 7.3 Finance

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

### 7.4 Property

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

### 7.5 Legal

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

## 7.6 **External Advice**

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

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

**APPENDIX A****Capital Programme – Risk Assessment**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation</b>
Capital projects are approved without a full appraisal of the project and associated business case.	Remote	Marginal	Strengthen the role of Transformation Sub-Group when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	High	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not monitored nor reviewed (post contract) to ensure that the original business case assumptions have been achieved	Reasonably probable	Marginal	Better project management skills (including contract monitoring) have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects, including post contract reviews.
Capital projects are not delivered to time	Reasonably probable	Marginal	Significant slippage in the current capital programme. Better project management skills have been introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. MHCLG grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.

Shortfall in level of capital resources generated from Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.
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## Report to Council

Agenda  
Item:

**16(iii)**

Meeting Date: 10 September 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: YES: Recorded in the Notice Ref: KD.09/19  
Within Policy and Budget Framework Yes  
Public / Private Public

Title: Asset Management Plan 2020 to 2025  
Report of: The Corporate Director of Governance and Regulatory Services  
Report Number: GD.48/19

### Purpose / Summary:

The attached report (GD.44/19) Asset Management Plan was considered by the Executive on 22 July 2019 before being referred to the Business and Transformation Scrutiny Panel on 25 July 2019 and back to the Executive on 19 August 2019.

### Recommendations:

Council agree to approve and adopt the Asset Management Plan for 2020 to 2025

### Tracking

Executive:	<b>22 July 2019</b>
Scrutiny:	<b>25 July 2019</b>
Executive:	<b>19 August 2019</b>
Council:	<b>10 September 2019</b>

# Report to Executive

Agenda  
Item:

**A.3**

Meeting Date: 19 August 2019  
Portfolio: Finance, Governance and Resources  
Key Decision: YES: Recorded in the Notice Ref: KD.  
Within Policy and Budget Framework Yes  
Public / Private Public

Title: Asset Management Plan 2020 to 2025  
Report of: The Corporate Director of Governance and Regulatory Services  
Report Number: GD 44/19

## Purpose / Summary:

The Asset Management Plan is being updated to reflect the key issues and changes affecting the management and use of the City's property resources, and the impact of the Asset Review Business Plan approved by Council in January 2011.

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

## Recommendations:

The Executive considers the comments of Business and Transformation Scrutiny Panel and thereafter recommend the Asset Management Plan 2020 to 2025 to Council on 10 September 2019 for adoption.

## Tracking

Executive:	22nd July 2019
Scrutiny:	25 <sup>th</sup> July 2019
Executive:	19 <sup>th</sup> August 2019
Council:	10 <sup>th</sup> September 2019

*The timeframe for the plan has been amended to tie in with the Medium Term Financial Plan and Capital Strategy*

## **1. BACKGROUND**

- 1.1. The Council's property assets are one of the essential resources used to carry out our day to day business, generating income to support services, and delivering economic development goals and housing opportunities.
- 1.2. The Asset Management Plan (AMP) outlines how the Council's strategies and policies for its property portfolio are used to support corporate priorities and directorate service plans.
- 1.3. The AMP outlines the overall performance of the asset base, what it is costing and producing, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources. The AMP is part of the Council's Budget.
- 1.4. For a number of years, the Council has been working towards the recommendations within the Asset Review Business Plan, approved by Council in January 2011. Along with the redefining of the Portfolio, the Business Plan proposed staffing and management structures should be realigned to provide the appropriate resources, skills and experience to run each category of asset. This has happened in the context of service transformation and is continually evolving.
- 1.5. An appraisal of the property portfolio identified a requirement to rationalise and consolidate assets and a programme of disposals has taken place to re-engineer the investment portfolio. A revised Disposal Programme was approved by the Executive in December 2018 with the aspiration to generate £10m in capital receipts.
- 1.6. Because of service transformation the Council has been looking at its operational assets. The Accommodation Review aims to more efficiently and cost effectively meet future service delivery, identifying savings and opportunities to generate additional income.
- 1.7. The AMP is reviewed annually and updated, along with the MTFP and CS, all documents forming part of the Council's Budget (Article 4 of the Constitution).

## **2. PROPOSALS**

- 2.1 The AMP provides a succinct document that reflects;
  - The Asset Review Business Plan & Disposal Programme – progress on the implementation and the impact on the Portfolio and its future management,
  - Structural changes in the portfolio – the makeup of the operational and non-operational assets, current capital worth and rental levels,

*The timeframe for the plan has been amended to tie in with the Medium Term Financial Plan and Capital Strategy*

- Performance of the assets and how these are constantly reviewed and challenged,
- Condition of the Portfolio – the standard of our properties, current maintenance requirements, suitability and sustainability for future use, and the steps which are being taken to improve energy efficiency,
- Accommodation Review – the outcomes, achievements and next steps to improve the use and efficiency of our operational property portfolio,
- Capital Schemes and Maintenance Budget – where the money is going,
- Property acquisitions – what has been done to reinvest in assets to produce income, maintain service delivery, support economic development initiatives and deliver services,
- Future Asset Management Options at our Kingstown and Parkhouse estates,
- How our Economic Development property portfolio is being managed to support economic growth, and
- An update on recovery of flood affected assets.

### **3. RISKS**

- 3.1 By having an Asset Management Plan the Council can ensure that it uses its assets efficiently and that they support the Council's priorities.

### **4. CONSULTATION**

- 4.1 Internally via the Council's corporate structures and processes. The Draft Plan will go to Business and Transformation Overview & Scrutiny Panel on 25<sup>th</sup> July for consideration, comment and feedback.

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

- 5.1. To update the Council's Asset Management Plan and the position of the property portfolio in the light of the Asset Review Business Plan and Disposal Programme and other corporate initiatives.

*The timeframe for the plan has been amended to tie in with the Medium Term Financial Plan and Capital Strategy*

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

- 6.1 The proper management of the Council's property resource makes an essential contribution the achievement of the Council's action plans and priorities.

**Contact Officer:** Mark Walshe

**Ext:** 7427

**Appendices** Asset Management Plan 2020 - 2025  
**attached to report:**

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

- None

### **CORPORATE IMPLICATIONS:**

**LEGAL** - The Council has a fiduciary duty to properly manage its assets and the Asset Management Plan is a vital part of this process. It is also a designated budget document in accordance with the Council's Budget & Policy framework and, as such, as the report indicates, it is required to follow the usual route of consideration by Scrutiny and, thereafter, recommendation by the Executive to the Council.

**FINANCE** – The Asset Management Plan provides details on the Council's asset portfolio and the issues around the management of these assets. This will be used to inform the Medium Term Financial Plan and budget setting process for 2020/21 to 2024/25.

**EQUALITY** –

**INFORMATION GOVERNANCE** –

*The timeframe for the plan has been amended to tie in with the Medium Term Financial Plan and Capital Strategy*



*Managing property as a resource for the City*

## ASSET MANAGEMENT PLAN

2020 – 2025

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*The timeframe for the plan has been amended to tie in with the Medium Term Financial Plan and Capital Strategy*

## **1. The Council**

1.1 Carlisle City Council delivers services to around 108,000 people and for the year 2019/20 has a net revenue budget of £13.010 million and capital expenditure budget of £23,192 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

1.2 The Council's asset base produces a rental income of around £4.5 million per annum, from its non-operational property, with a net asset value, taking account of depreciation, of circa £85 million.

## **2. Purpose, Aims and Objectives**

2.1 The Asset Management Plan sets out the Council's approach to managing its land and property assets and aligns to Council's policies and strategies, particularly the Carlisle Plan, Directorate and Service Plans, the Medium Term Financial Plan and Capital Strategy.

2.2 The aim is to own assets which are fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access, and to meet the strategic objectives outlined below;

1. Identify all property the Council owns or uses, maintaining accurate records, establishing its value and the function it performs, ensuring a reliable and accurate property management system is in place.
2. Make services aware of the costs of occupying property, maximising the use of the asset base, identifying 'expensive' and 'obsolete' assets.
3. Respond to changing property needs for service delivery improvements, identifying improvements to assets or the asset base to enhance service delivery, disposing of assets no longer required for operational purposes and acquiring new assets to support service delivery.
4. Generate capital for investment purposes aligned to corporate objectives.
5. Ensure a healthy and safe environment for property users.
6. Apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. Encourage community and partnership use of assets by identifying opportunities for shared services, liaising with partners and working with the community.
8. Contribute to the Council's Medium-Term Financial Plan and Capital Strategy, identifying investment opportunities.
9. Provide sustainable planned maintenance programmes for a 5-year period by undertaking and reviewing condition surveys.

### 3. **Property Strategies and Principles**

3.1 The Council has developed the following strategies and principles;

- **Operational Property Investment Principles** – Investment will be made where a property is required for the medium or long-term use, enhances service delivery, improves environmental sustainability, improves utilisation, increases efficiency, adds value, and addresses statutory obligations.
- **Non-Operational Property Strategy** – to own property that supports the growth of Carlisle and the Economic Development Strategy, provides a sustainable income stream, is a key component of the Medium-Term Financial Plan.
- **Non-Operational Property Investment Principles** - commercial property will only be held where it provides an acceptable financial return, there is potential to deliver economic development objectives, it contributes to the delivery of other Council priorities, it addresses legal or contractual liabilities and obligations.
- **Surplus Property Strategy** – the Council will dispose of surplus assets on a freehold or leasehold basis at best consideration. Disposals at less than best consideration may be agreed subject to the necessary statutory and Council approvals.
- **Surplus Property Principles** - operational and non-operational property will be sold unless occupied for service provision, used to deliver social, housing, economic or environmental benefits meeting agreed priorities, or it is a long-term strategic investment.
- **Property Acquisition Strategy** - the Council will acquire assets; that improve service delivery, assist with delivery of Economic Development policy, develop opportunities to assemble sites to deliver Council objectives, improve the financial returns and deliver the Asset Review Business Plan.

## ASSET MANAGEMENT PLAN 2020-2025

- **Property Acquisition Principles** - property will only be acquired where whole life costings and option appraisal exercises are undertaken and meet set target criteria around risk, income returns and yields.

### 4. Value for money

4.1 There is a Council-wide approach to managing assets as a corporate resource, using assets to help to deliver social, environmental and economic outcomes for local communities.

4.2 Collaborating with partner organisations on strategic asset management planning is an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

### 5. The Portfolio and Current Performance

#### 5.1 Gross Asset Value as at 31 March 2019

	Operational assets		Non-operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	72	69	51	13	205
Total income	-	£4,218,000*	£4,311,000**	£33,000	£8,562,000
Capital value	£4,076,000	£30,665,000	£85,038,000	£884,000	£120,663,000
Capital Expenditure	£30,347	£455,295	£6,169	230	£492,041
Outstanding Maintenance		£2,587,300	£2,000,000	-	£4,587,300

\* Income from operational assets (ie car parks, crematorium, Civic Centre rents)

\*\* Rental income from investment assets

The total capital spend on property assets in 2018/19 was £2.22 million.

The figure for the outstanding maintenance on the operational buildings is based on a costed 5-year plan. The condition surveys were completed as planned in the summer of 2018. The information which has been derived from the surveys has been considered to assess the current condition of the portfolio, whilst further having regard to the work undertaken during the same financial period. As anticipated in the Asset Management Plan 2018-2022, the outstanding maintenance has increased from circa £2,300,000 to £2,587,300. The increase is as a result of the completion of the survey programme, but also following the continual assessment of repair, which has brought forward some

## ASSET MANAGEMENT PLAN 2020-2025

maintenance work within the 5 year programme. The Pools continue to be removed from the programme given the impending Sands Centre development scheme.

We are currently spending £150,000 p.a. to address this as detailed below, with an additional £100,000 per annum having been allocated for a five year period in a bid to reduce the risk of major long-term capital expenditure being required.

Non-operational outstanding maintenance relates primarily to historical infrastructure costs associated with our industrial estate ground rent portfolio. We are currently in the process of reviewing the non-operational maintenance liability and anticipate that the level of outstanding maintenance will reduce given the asset disposals and investment undertaken at Durranhill and Kingstown Industrial Estates.

### 5.2 Outstanding Maintenance

	19/20	20/21	21/22	22/23	23/24	24/25
<b>Total Revenue Budget</b>	£731,200	£745,900	£760,700	£776,000	791,500	807,400
<b>Capital Schemes Special Projects</b>	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000
<b>Additional Budget</b>	£100,000	£100,000	£100,000	£100,000	£100,000	£0.00
<b>Ratio Planned: Reactive Maintenance</b>	76 : 24	76 : 24	76 : 24	76 :24	76:24	76:24

Based upon the final condition surveys, the annual planned maintenance programme has been further developed for the operational assets. As discussed above, there is unplanned maintenance currently assessed at £2,587,700 for the portfolio of operational buildings. The planned delivery programme to reduce this, incorporates a degree of flexibility to respond to the demands of service delivery, asset review, and other circumstances which may arise during the programme. Members approved a 3 year programme of planned and reactive maintenance on 12 November 2018 (report reference GD.78/18).

## ASSET MANAGEMENT PLAN 2020-2025

In condition category terms the split is:-

<b>Condition Category</b> (as a % of Gross Internal Area Operational Property)			<b>Sustainable Criteria</b>
	<b>2018-23</b>	<b>2019-24</b>	
<b>A. (Excellent)</b>	<b>29.5%</b>	<b>0.73%</b>	<b>Yes</b>
<b>B. (Good)</b>	<b>60%</b>	<b>89.42%</b>	<b>Yes</b>
<b>C. (Mediocre)</b>	<b>10%</b>	<b>9.85%</b>	<b>Review</b>
<b>D. (Poor)</b>	<b>0.5%</b>	<b>0%</b>	<b>No</b>

The table above shows the condition categories of the operational portfolio as reported last year and this current year. The table more accurately reflects the position following completion of the condition surveys. Whilst there has been a reduction in the amount of floor space which is classed as excellent, there has been an overall increase in the amount within categories A & B from 89.5% to 90.15%. There is currently no floor space within class D and a reduction in that within class C. The movement shows the improvement in the quality of the floor space following the proactive management regime of those assets in need of review or outside the acceptable range. The condition is continually reviewed and for over 90% of the portfolio classed as either excellent or good, is a testimony to the proactive management regime, which would otherwise leave the portfolio falling short of that required to provide the Council's services.

### **5.3 Energy Efficiency**

A programme of energy efficiency and renewable energy projects has been carried out with significant investment in former years. Over the last year the focus has been incorporating energy efficiency measures as part of the flood reinstatement works and we will continue to do this where possible. Projects are being considered to incorporate whole place energy efficiency measures where possible, in addition to that required to meet current building regulation standards.

The solar photovoltaic arrays at the Civic Centre and Sands Centre continue to be successful in terms of electricity generation and income received from the feed in tariff.

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

## ASSET MANAGEMENT PLAN 2020-2025

required. This exercise was completed to assess and consider the implications of the Minimum Energy Efficiency Standards (MEES) which could impact on the sale and let ability of the non operational assets and provide a benchmark from which to improve the CO2 emissions of the publicly funded buildings.

The data is being interpreted and considered as part of the asset management of the property portfolio and will impact on the long term use, maintenance and ownership of the assets.

### 5.4 Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5-year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties and the programme is required to meet those statutory duties. Report GD.78/18 was presented to the Executive on the 12<sup>th</sup> November 2018 with proposals for capital investment for planned major repairs.

The capital schemes special project fund for the programme 2019/20 has been allocated as follows:-

PROPERTY	PROJECT	COST
Civic Centre	First Floor Sky Lights over block floor and offices	£15,000
Civic Centre	Flat Roof Repairs over former Rates Hall/Customer contact centre	£20,000
Civic Centre	10 <sup>th</sup> floor window replacement	£10,000
Bousteads Grassing	Resurfacing work	£10,000
Bousteads Grassing	Office re-roof	£20,000
Cemeteries	Resurfacing work	£30,000
Morton Community Centre	Car Park Resurfacing	£10,000
Currock Community Centre	Flat Roof Renewal	£15,000
Tullie House	Plant upgrade works	£20,000
<b>TOTAL</b>		<b>£150,000</b>

## ASSET MANAGEMENT PLAN 2020-2025

The additional works capital works have been allocated as:

PROPERTY	PROJECT	COST
<b>Year 1 (2019/20)</b>		
Civic Centre	Committee room corridor window replacement	£20,000
Civic Centre	Flat roof covering	£50,000
BIC, Paternoster Row	Lift Upgrade	£20,000
Monuments	Clean and Refurbish	£10,000
<b>TOTAL</b>		<b>£100,000</b>

### 6. Continuous Review and Challenge

The Council continuously reviews and challenges how to best use its asset portfolio;

1. The Council holds a significant, numerous and diverse portfolio of assets across the city, which generates considerable income and which has an important impact on the local economy. The Council uses property well to meet its aims and is planning future investment and development to allow it to continue to do this.
3. The Council has a highly rationalised operational portfolio, however the significant level of maintenance yet to be carried out will present challenging issues going forward. New investment in assets such as the Sands will help alleviate issues by removing older, poorly functioning assets such as the current Pools facility.
4. The accommodation review and Asset Review Business Plan is an ongoing programme that will continue to deliver efficiency benefits.
5. The Council has a diverse and mixed non-operational portfolio which, through rationalisation, is becoming more efficient but has considerable further potential. This potential will be further explored and actions taken to realise efficiencies with the resources currently available.
6. The Council is taking a more commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
7. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency. The accommodation review will address these needs.

## **6.1 Accommodation Review**

An Accommodation Review of both back office and front public facing service delivery assets is ongoing. This comprises an analysis of accommodation needs and the existing provision, exploring future solutions and implementing the most beneficial models for the Authority.

It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible.

The redevelopment of the ground floor of the Civic Centre post flood has reflected the changing business requirements of the City Council and sought to embrace modern ways of working whilst also incorporating flood resilience where possible. The new multi-functional chamber and enhanced parking facilities will also provide income generating opportunities.

The challenges going forward are:

To complete the redevelopment of the ground floor.

To maximise space utilisation in the Civic Centre embracing modern ways of working and to encourage take up of vacant space by our public-sector partners as part of the One Public Estate Programme to minimise occupation costs. The appointment of a programme manager will assist with this aspiration and discussions are being progressed with a number of partners who have accommodation requirements.

To maximise the revenue generation opportunities presented by the ground floor redevelopment.

## **6.2 Asset Review Business Plan**

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio was concluded in 2010 with the adoption by Council of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

Implementation of the Business Plan has taken place over the past 5 years with management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management put into place. These changes took place within the context of the Transformation Programme and are constantly evolving as priorities and needs change.

### **6.3 Disposal Programme**

In December 2018 a revised disposal programme was approved by the Executive with the aspiration of generating £10m to assist with funding major developments such as the Sands Centre and Gateway 44 scheme. Additional staff resources have been engaged to deliver this 5 year programme and these have just commenced work on the project.

The project follows on from the previous disposals programme which successfully delivered over £10m of capital receipts.

### **6.4 Reinvestment Options**

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

Opportunity purchases into the Economic Development portfolios have been completed to consolidate the Council's existing property ownership and land holdings in Rickergate with the acquisition of property in the Warwick Street area, in preparation for redevelopment.

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

### **6.5 Chancerygate – Kingstown and Parkhouse**

Chancerygate, the Council's appointed managing agents for their Kingstown & Parkhouse assets, continue to make good progress with the management and development of our portfolio north of the City. The Gateway 44 bulky goods retail scheme has now obtained planning consent and a tender process has been completed for the build contract, pre-lets are being agreed with tenants and works will shortly be commencing on site. The intention is that the Council will develop the scheme and retain as a long-term investment. Progress continues to be made with the programme of rent reviews following a successful third-party determination.

### **6.6 Economic Development Portfolio**

The assets within this portfolio are directed towards supporting and creating opportunities for the growth of the City using employment, housing and retail development land.

The Borderlands Growth Deal presents a once in a lifetime opportunity for the growth of the city with Carlisle seen as the "beating heart" of the Borderlands region. Schemes have been developed that would see the improvement of the station along with

developments at the Citadel and Caldew Riverside. The City Council has significant land holdings that could assist in the delivery of these transformational projects and we are working closely with our colleagues at Cumbria County Council and Network Rail to move the projects forward. The Sands Centre redevelopment frees up the former Pools site to be transformed into a new multi-storey car park for the station enhancing its position as a HS2 compliant station.

St Cuthbert's Garden Village scheme continues to make good progress, with the proposals recently refined to focus on smaller settlements rather than one large one.

The funding announcement for the Southern relief road opens up further opportunities for growth of the City. We are currently developing proposals for the Morton District Centre which will encompass both a retail element and employment land.

### **6.7 Flood Affected Assets**

We are currently out to tender on the proposals to redevelop the ground floor of the Civic Centre and we are looking to review options for replacement of Bitts Park Pavilion and enhancement of the park facilities. Where possible flood resilience measures have been incorporated in the reinstatement works to minimise the effect of any future flooding incidents.

## **7. Conclusion**

The Council has a highly rationalised and suitable service occupied portfolio although a significant maintenance requirement that needs to be addressed. However, we are not complacent and will continue to look for opportunities to rationalise our operational portfolio where possible.

The Council has a significant commercial portfolio, which is generating substantial rental income however we will continue to look for opportunities to unlock development potential and create investment assets within our portfolio, as evidenced at Gateway 44, whilst also supporting our aspirations for Economic Growth.

The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.

The Council's asset base is continually being challenged and reviewed with additional efficiency measures implemented where appropriate.

## **ASSET MANAGEMENT PLAN 2020-2025**

The Council is looking at ways in which it can improve and re-model the way in which it delivers its property management services producing further cost and efficiency savings.