

2015/16 BUDGET PROCESS

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

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

Executive	10 November 2014
Community Overview and Scrutiny Panel	25 November 2014
Environment and Economy Overview and Scrutiny Panel	27 November 2014
Resources Overview and Scrutiny Panel	2 December 2014
Executive (Special)	8 December 2014
Executive	15 December 2014
Resources Overview and Scrutiny Panel	5 January 2015
Executive	14 January 2015
Council (Special)	3 February 2015

2015/16 BUDGET REPORTS

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Report to Executive

Agenda
Item:

A.1(a)

Meeting Date: 10 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: BUDGET UPDATE – REVENUE ESTIMATES 2015/16 TO 2019/20
Report of: DIRECTOR OF RESOURCES
Report Number: RD37/14

Purpose / Summary:

This report provides a summary of the Council's revised revenue base estimates for 2014/15, together with base estimates for 2015/16 and updated reserve projections to 2019/20.

New spending pressures 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 2014/15 and base estimates for 2015/16;
- (ii) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken.

Tracking

Executive:	10 November 2014, 15 December 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP 25/11/14
Council:	

1. INTRODUCTION

- 1.1. This report considers the revised base estimates for 2014/15 together with the estimates for 2015/16 and updated projections to 2019/20. 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 9 September 2014:
 - ◆ Medium Term Financial Plan and Charging Policy
 - ◆ Capital Strategy
 - ◆ Asset Management Plan
- 1.3. Members should be aware that there are a number of significant factors affecting the budget that are currently unresolved. In particular the following are key to the budget process and details on these are considered further in the report:
 - Government Finance Settlement - RSG and Business Rate Retention baseline
 - Welfare Reform Act
 - Transformation
- 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 2015.

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 2014/15 and 2015/16 with projections to 2019/20. The 2014/15 variance reflects the use of earmarked reserves approved since the MTFP was approved in September.

Table 1 – Base Budget Summary

		2014/15 Original £000	2014/15 Revised £000	2015/16 Original £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000
Net Base Budget Parish Precepts (PP)		13,269 478	13,267 478	10,766 490	12,066 502	12,111 515	12,521 528	13,380 541
Total		13,747	13,745	11,256	12,568	12,626	13,049	13,921
Original MTFP Projections			13,747	11,256	12,568	12,626	13,049	13,921
Variance		13,747	(2)	0	0	0	0	0
Analysis of Variance:								
Non-Recurring: Transformation	1	0	(2)	0	0	0	0	0
Total Variance		0	(2)	0	0	0	0	0

Notes

Note 1 – This relates to one-off costs fully funded from the Transformation Reserve offset by contributions to reserve in respect of savings made in 2013/14.

2.3. **Appendix B** details the movements between the original and revised budgets for the 2014/15 base budget requirement. Members will be aware from the Charges Review reports considered elsewhere on this agenda that a number of income streams are below projected levels in the current financial year. This will be kept under review as part of the budget monitoring process for 2014/15 with the position for 2015/16 onwards being considered as part of the budget process.

2.4. **Appendix C** details the movements between the Original Budget for 2014/15 and the Original Budget for 2015/16 incorporating all decisions made by the Council to date.

3. UPDATED MTFP PROJECTIONS

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

Table 2 – Current Budget projections

	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Total £000
2014/15	86	(197)	768	657
2015/16	(1,000)	(106)	0	(1,106)
2016/17	(44)	0	0	(44)
2017/18	(138)	0	0	(138)
2018/19	128	0	0	128
2019/20	841	0	0	841

3.2 Other than the minor changes detailed at section 2 there have been no major revisions to the budgets at this stage. The revised estimates for 2014/15 will be recommended to Council as part of the budget process.

4. OUTSTANDING KEY ISSUES

4.1. Revenue Support Grant (RSG)

The figures incorporated into this report are based on the 2014/15 Local Government Finance Settlement confirmed by the Secretary of State in December 2013. The settlement was for 2014/15 and 2015/16, however further reductions for 2016/17 onwards have only been estimated in the MTFP.

4.2. Retained Business Rates and Council Tax Reduction Scheme

The draft budget assumes that the Council will continue to be a member of the Cumbria Business Rates Pool for 2015/16 and that the Council Tax Reduction Scheme parameters will continue as were agreed for 2014/15. These two areas will be reported again in December asking for formal approval of how they are to continue.

4.3. Welfare Reform Act

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

4.4. Transformation

The current MTFP includes budgeted recurring savings of £3.939million for the transformation programme, to be found by 2018/19. Progress to identify the areas where these savings will be found has been progressed by SMT and Portfolio

Holders. Details of these areas where the savings will be made are detailed in **Appendix D**.

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 2015/16 onwards. The resources projections assume:

- The MTFP assumes a reduction in Government Grant allocation from 2015/16 onwards. However indications are that there will be further reductions to these figures from 2016/17 onwards.
- No Council Tax increase for 2015/16 with an increase of 1.99% thereafter. A Council Tax freeze grant is on offer from the Government for 2015/16 and will be included in RSG settlements from 2016/17.
- A Council Tax Surplus for 2015/16 onwards of £35,000. The actual figure for 2015/16 will be available in January.
- Retained business rates are assumed at the Baseline level with an additional £500,000 to be achieved through growth and from the benefits of Pooling.
- An assumed taxbase of 31,100.82. The final taxbase for 2015/16 will not be available until January.
- Parish Precepts are currently being collated but the estimate for 2015/16 is for a total of £490,000 (including approximately £54,000 in Government Grant for Council Tax reduction scheme.) The actual Parish Precept requirement for each Parish will be reported to the Executive in December.

For information, broadly:

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

5. NEW SPENDING PRESSURES

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

Table 3 – Summary of New Spending Pressures

Detail		2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Changes to Funding						
Revenue Support Grant - LSCT	5.2	54	54	54	54	54
Total Recurring Pressures		54	54	54	54	54
Recurring						
Car Parking Income	5.3	314	314	314	314	314
On Street Parking	5.3	83	83	83	83	83
Refuse and Recycling	5.4	173	173	173	173	173
Development Control Income	5.5	100	100	100	100	100
Events	5.6	130	130	130	130	130
Events - Sponsorship Income	5.6	(13)	(20)	(40)	(60)	(80)
DFG Fee Income	5.7	60	60	60	60	60
Licensing	5.8	8	8	8	8	8
Local Plans	5.8	1	1	1	1	1
Reprofiling of Transformation Savings	5.9	528	(623)	82	(397)	(397)
Total Recurring Pressures		1,384	226	911	412	392
Non Recurring						
Car Parking income	5.3	100	100	0	0	0
Rapid Response Team	5.10	114	114	0	0	0
Enterprise Centre Income Shortfalls	5.11	40	40	0	0	0
Temporary Posts in Economic Devt.	5.12	38	38	0	0	0
Lanes Income	5.13	138	138	0	0	0
Funding Officer	5.14	30	0	0	0	0
Funding Officer - Income	5.14	(30)	0	0	0	0
Total Non Recurring		430	430	0	0	0

5.2 **Revenue Support Grant**

This pressure relates to the Parish Local Support for Council Tax Grant that is paid as part of the overall RSG funding which needs to be paid over to the parishes.

5.3 **Car Parking Income**

The charges report (LE03/14) considered elsewhere on this agenda highlights the continuing decline in car parking income and the impact of this is shown in the table above. Also reflected in this pressure is the lost income (Net) of the County Council taking control of Cecil Street and William Street Car Park and On Street Parking. As well as a recurring £313,800 pressure, a £100,000 non-recurring pressure for 2 years is anticipated in order to try and improve car parking management and attract additional income.

5.4 **Refuse and Recycling Income**

The value of recyclates has dropped and this pressure covers income from plastics and card recycling income (£47,000), Green box recycling income (£58,000) as well as additional costs of servicing new homes with a refuse and recycling scheme (£58,000) and a garden waste scheme (£10,000).

5.5 **Development Control Income**

The charges report (ED42/14) considered elsewhere on the agenda highlights the fact that Development Control Income will not achieve the MTFP target for 2015/16.

5.6 **Events**

This pressure represents the funding to allow the continuation of the City Events budget. It is anticipated that sponsorship income will increase by £20,000 per year will be generated to offset this cost. For 2015/16 an additional £12,600 is anticipated as outlined in the Charges Report PC16/14 considered elsewhere on this agenda.

5.7 **DFG Fee Income**

Disabled Facilities Grants expenditure in the capital programme is decreasing and the amount of fee that is able to be charged against the projects has been challenged through the courts meaning that a flat fee is no longer allowable. These two factors mean that income will not achieve the MTFP target for 2015/16.

5.8 **Licensing/Local Plans Income**

The Charges report for Licensing highlights the fact that as the service is required to be self financing, additional costs will be incurred as a result of increased taxi testing and there will be a shortfall against the income target; with the Economic Development charging report indicating a small shortfall of £1,100 against income targets.

5.9 **Reprofiling of Transformation Savings**

Proposals to achieve the £3.939m transformational savings required are shown in **Appendix D**. Some of these savings will be achieved to different profiles as the original budget.

5.10 **Rapid Response Team**

This represents the costs of continuing to fund the team that was established under the Clean-Up-Carlisle Initiative.

5.11 Enterprise Centre Income Shortfalls

The charges report (ED42/14) considered elsewhere on the agenda highlights the fact that service charge income from the Enterprise Centre will be achieved; however rental income from the service is currently below targets and the MTFP target for 2015/16 will not be achieved.

5.12 Temporary Posts in Economic Development

This pressure represents the funding to allow the continuation of two temporary posts in Economic Development.

5.13 Lanes Income

The income from the Lanes is due to increase in 2015/16 by £138,000 due to a non-recurring budget reduction ceasing. However, the actual income is not anticipated to increase, hence the requirement to fund this income reduction on a recurring basis.

5.14 Funding Officer

It is proposed to create a Funding Officer position on a temporary 12 month contract initially that will concentrate on identifying grant funding the Council can utilise from various sources to support service delivery and improvements. It is proposed that this be funded by top slicing any grant awards successfully achieved and as such this funding is shown in the table in Section 6.

6. SAVINGS AND ADDITIONAL INCOME PROPOSALS

6.1 The current MTFP includes a savings requirement to be found by 2018/19 of £3.939million.

6.2 Further savings/additional income have been identified in the budget process for 2015/16 and these are detailed below:

Table 4 – Summary of New Savings Proposed

Detail	Note	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
<u>Savings Proposed</u>						
Inflation Savings	6.3	0	(100)	(100)	(100)	(100)
Pay Award Savings	6.4	0	(70)	(70)	(70)	(70)
Treasury Management	6.5	(177)	(491)	(618)	(733)	(577)
Income	6.6	(144)	(144)	(144)	(144)	(144)
New Transformation Savings Required (Cumulative)	6.7	0	(350)	(350)	(350)	(350)
Total of Savings		(321)	(1,155)	(1,282)	(1,397)	(1,241)
Total Recurring		(321)	(1,155)	(1,282)	(1,397)	(1,241)
Total Non-Recurring		0	0	0	0	0

6.3 Inflation Savings

The MTFP assumes inflation on general expenditure of 2.8% and 3.8% for income. The current level of CPI (consumer price inflation) as at September 2014 is 1.5% and the Bank of England target for inflation is 2%. It is proposed that for 2015/16 inflation on general expenditure is limited to 1.5%, apart from where specific inflation is anticipated to be greater, e.g. energy and fuel, and for future years, inflation is linked to the Bank of England target for inflation of 2%. This will allow a small saving to be realised.

6.4 Pay Award Savings

The Pay Award is included in the MTFP at 1% for 2015/16, rising to 2.5% from 2016/17 onwards. This saving represents the proposal to reduce this provision to 2% in line with other inflationary pressures from 2016/17. The impact of the new proposals for pay award that were recently announced has yet to be calculated as they are still in draft form. A further update of the implications will be given in December.

6.5 Treasury Management

The treasury Management projections have been updated to take account of the revised capital programme, including changes to funding. Re-profiling of proposed capital schemes has enabled savings in MRP (Minimum Revenue Provision) to be realised. The projections have also taken into account the latest projections for interest rates, including the long term investment in the property fund.

6.6 **Income**

Income projections on some budget heads were increased on a temporary basis in 2012/13 and were due to reduce again in 2015/16. However, these budgets have been achieving the increased level of income and the expectation is that this will continue. It is therefore proposed to maintain these higher income targets on a recurring basis. This will partly offset the additional income pressures identified in Table 3. These relate to Hostels, £116,400 (ED42/14), Land Charges £23,700 (GD54/14) and Sports Pitches, Allotments and Dogs £3,600 (LE03/14)

6.7 **Additional Transformation Savings**

In order to ensure the Council achieves its minimum level of reserves of £2.6million, additional savings will be required to offset the net pressures that have been realised as part of the budget setting process. At present, these additional savings amount to £350,000 to be found from 2016/17.

The revised transformational savings expectations will therefore be as follows:

	Cumulative Savings identified as part of 2014/15 Budget £000	Reprofiled savings £000	Additional Cumulative Savings Required £000	Revised Cumulative Savings required £000	Revised in Year Savings Required £000
2015/16	(1,839)	528	0	(1,311)	(1,311)
2016/17	(1,839)	(623)	(350)	(2,812)	(1,501)
2017/18	(2,939)	82	(350)	(3,207)	(395)
2018/19	(3,939)	(397)	(350)	(4,686)	(1,479)
2019/20	(3,939)	(397)	(350)	(4,686)	0

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

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

Summarised Position	2014/15 Original £000	2014/15 Revised £000	2015/16 Original £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000
Total Projected Expenditure (See 2.2 & Appendix E)	13,747	13,745	11,256	12,568	12,626	13,049	13,921
Total Projected Resources (See 3.2 & Appendix F)	(13,747)	(13,745)	(12,362)	(12,612)	(12,764)	(12,921)	(13,080)
Projected (Surplus) / Shortfall <u>excluding</u> savings and new spending (See 3.1)	0	0	(1,106)	(44)	(138)	128	841
Less:							
New Saving Proposals							
- Recurring	0	0	(321)	(1,155)	(1,282)	(1,397)	(1,241)
- Non Recurring	0	0	0	0	0	0	0
(See Para 6)							
Add:							
New Spending Pressures							
- Recurring	0	0	1,384	226	911	412	392
- Non Recurring	0	0	430	430	0	0	0
- Funding	0	0	54	54	54	54	54
(See Para 5)							
Potential Budget Shortfall	0	0	441	(489)	(455)	(803)	46
Potential Shortfall Analysis:							
- Recurring			117	(919)	(455)	(803)	46
- Non Recurring			324	430	0	0	0

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

7.3 It should also be noted that these projections are subject to Council Tax base and Surplus, Disabled Facilities Grant, all of which will be notified, in early 2015.

8. PROJECTED IMPACT ON REVENUE BALANCES

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

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

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

Balance as at:	Projected Reserves £000	Recurring Revenue Requirement £000	Non Recurring Revenue Requirement £000	Transfer to Earmarked Reserve £000
31/03/2015	(2,557)	117	324	600
31/03/2016	(1,516)	(919)	430	0
31/03/2017	(2,005)	(455)	0	0
31/03/2018	(2,460)	(803)	0	0
31/03/2019	(3,263)	46	0	0
31/03/2020	(3,217)	0	0	0

9. SUMMARY FINANCIAL OUTLOOK AND BUDGET DISCIPLINE 2015/16 to 2019/20

- 9.1 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.
- 9.2 Notification of Government general and specific grants is received on an individual basis late in the budget process which makes forward planning difficult.
- 9.3 In terms of expenditure pressures, the significant issue affecting the budget is the continuing falling levels of income being received by the Council, particularly in respect of car parking.

- 9.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive will make recommendations in this respect in December.
- 9.5 Under section 25 of the Local Government Act 2003 the Council's S.151 Officer is required to prepare a statutory report which considers the robustness of the estimates and the adequacy of reserves and which determines levels of borrowing. A full report will be prepared and included within the Executive's draft budget proposals for consultation purposes. At this stage it should be noted that the current revenue deficit requires substantial savings as detailed above to be identified to meet the ongoing projected shortfall.

10 CONSULTATION

- 10.1 The Resources Overview and Scrutiny Panel will consider this report on 2 December 2014, and their views fed back to the Executive on 15 December. The draft budget proposals will then be issued by the Executive on 15 December, and will be subject to wider internal and public consultation.

11 RECOMMENDATIONS

The Executive is requested to:

- (a) note the revised base estimates for 2014/15 and base estimates for 2015/16;
- (b) note the current MTFP projections, which will continue to be updated throughout the budget process as key issues become clearer and decisions are taken.

12 CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 12.1 To ensure that a balanced budget is set.

Contact Officer: Steven Tickner Ext: 7280

Appendices attached to report:

- Appendix A – Principal Reports considered in budget process to date**
- Appendix B – Movements between original and revised budgets 2014/15**
- Appendix C – Movements between Original budget 2014/15 and Original budget 2015/16**
- Appendix D – Proposals for Transformational Savings**
- Appendix E – Existing Expenditure Commitments**
- Appendix F – Existing Resource Projections**
- Appendix G – Council Reserves**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – contained within the body of the report

PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
RD18/14	09/09/14	Medium Term Financial Plan (incorporating the Corporate Charging Policy) 2015/16 to 2019/20
RD19/14	09/09/14	Capital Strategy 2015/16 to 2019/20
GD35/14	09/09/14	Asset Management Plan 2014 -2019
RD37/14	10/11/14	Budget Update – Revenue Estimates 2015/16 to 2019/20
RD38/14	10/11/14	Provisional Capital Programme 2015/16 to 2019/20
GD50/14	10/11/14	Charges Review – Licensing
GD54/14	10/11/14	Charges Review – Governance & Resources
PC16/14	10/11/14	Charges Review – Chief Executive & Deputy Chief Executive
ED42/14	10/11/14	Charges Review – Economic Development
LE03/14	10/11/14	Charges Review – Local Environment
RD39/14	10/11/14	Corporate Assets – 3 Year Repair and Maintenance Programme

APPENDIX B

MOVEMENTS BETWEEN ORIGINAL & REVISED BUDGETS 2014/15

	£	£
Original Estimate 2014/15		12,501,000
- Carry Forward requests from 2013/14		768,000
		13,269,000
<u>Non-Recurring Impact:</u>		
- Transformation Costs		(2,300)
Revised Estimate 2014/15		13,266,700

MOVEMENTS BETWEEN ORIGINAL BUDGET 2014/15 & ORIGINAL BUDGET 2015/16

	£	£
Updated Original Estimate 2014/15	13,269,000	
Carry Forwards 2013/14	(768,000)	
Original Estimate 2014/15		12,501,000
<u>Impact of 2014/15 budget process approvals:</u>		
Ongoing impact of additional savings/pressures approved		
Asset Review	87,000	
Discretionary Grants	(41,000)	
Concessionary Fares	(60,000)	
Pay Award	(238,000)	
RSG Settlement Savings	(659,000)	
Transformation Savings	(1,180,000)	
Income Below Target	(215,000)	
Council Tax Freeze Grant	188,000	
Leisure Contract Saving	(250,000)	
Revenue Cost of Capital Scheme	54,700	
New Homes Bonus	(538,000)	
Treasury Management	81,400	
Borrowing Cost	287,100	
Apprentice Scheme	24,000	
New Homes Bonus Returned Funding	(26,000)	
Highways	(89,000)	
Slippage from 2012/13	19,000	
Homelessness	66,000	
Small Scale Projects	(40,000)	
		(2,528,800)
<u>Recurring Impact:</u>		
- Inflation		
- All Costs (including Pay Award)		795,700
- Roundings		(1,900)
Original Estimate 2015/16		10,766,000

PROPOSALS FOR TRANSFORMATIONAL SAVINGS

Year	Area	Amount £	Achieved
2015/16	Tullie House Grant	250,000	Yes
2015/16	SMT Restructure	75,000	Yes
2015/16	Voluntary Redundancy /Vacancy Management	276,000	Yes
2015/16	Training	70,000	
2015/16	Customer Contact Centre - Cash Office	15,000	
2015/16	Customer Contact Centre - Digital by Default	30,000	
2015/16	Customer Contact Centre - Restructure	55,000	
2015/16	Shared Service Recharges	60,000	
2015/16	Civic Centre Commercial Lettings	45,000	Yes
2015/16	Revenues & Benefits Shared Service	100,000	
2015/16	Digital Information Services	39,000	
2015/16	Building Services	46,000	
2015/16	Artists Fees	18,000	
2015/16	City Lighting Contract	10,000	
2015/16	Grounds Maintenance - Floral Displays	10,000	
2015/16	Allotments	8,000	
2015/16	Grounds Maintenance	10,000	
2015/16	Part Time Mayoral Support	17,000	Yes
2015/16	Mayoral Transport	14,000	
2015/16	Village Hall Grants - transferred to Capital	18,000	
2015/16	Business Support - Regeneration Officer	36,000	
2015/16	Business Support - Consultants Fees	4,000	
2015/16	Business Support - Sponsorship Budget	15,000	
2015/16	Non-Contractual Overtime	50,000	
2015/16	Consumables - Paper/Printing	25,000	
2015/16	Members Allowances	15,000	
		1,311,000	
2016/17	Parish Grants - Concurrent Grants	49,000	
2016/17	Channel Shift	150,000	
2016/17	Digital Information Services	65,000	
2016/17	Festive Lights - (to be made through sponsorship)	29,000	
2016/17	Rethinking Waste Services	400,000	
2016/17	Tullie House Grant	214,000	
2016/17	Grants to Community Centres	94,000	
2016/17	Voluntary Redundancy/Vacancy Management	150,000	
		1,151,000	
2017/18	Digital Information Services	45,000	
2017/18	Voluntary Redundancy/Vacancy Management	350,000	
		395,000	
2018/19	Leisure Services Grant	329,000	
2018/19	assumed income from asset sales	1,000,000	
2018/19	Voluntary Redundancy/Vacancy Management	150,000	
		1,479,000	
	TOTAL	4,336,000	

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	2014/15		2015/16 Estimate £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000
	Original Estimate £000	Revised Estimate £000					
Core Expenditure:							
Core Base Expenditure	5,268	5,268	3,912	3,589	3,963	3,963	3,963
Treasury Management	613	613	685	1,214	944	944	944
Inflation Projection	5,751	5,751	6,546	7,363	8,199	9,058	9,917
2014/15 agreed Savings	(426)	(426)	(2,195)	(2,485)	(3,597)	(4,609)	(4,609)
2014/15 agreed Spending	1,492	1,492	1,924	2,385	2,602	3,165	3,165
2014/15 Budget Changes	0	0	0	0	0	0	0
Total Core Expenditure	12,698	12,698	10,872	12,066	12,111	12,521	13,380
Non Recurring Exp:							
Pre 2013/14 approvals	160	160	0	0	0	0	0
2014/15 agreed Savings	(1,392)	(1,392)	(228)				
2014/15 agreed Spending	1,035	1,035	122	0	0	0	0
Carry Forwards	768	768	0	0	0	0	0
Use of Earmarked Reserves	0	(2)	0	0	0	0	0
Total non Recurring Expenditure	571	569	(106)	0	0	0	0
Total City Council Budget Requirement	13,269	13,267	10,766	12,066	12,111	12,521	13,380
Parish Council Precepts	478	478	490	502	515	528	541
Total Requirement	13,747	13,745	11,256	12,568	12,626	13,049	13,921

EXISTING RESOURCE PROJECTIONS

RESOURCES PROJECTION	2014/15 Original Estimate £000	2014/15 Revised Estimate £000	2015/16 Estimate £000	2016/17 Proj £000	2017/18 Proj £000	2018/19 Proj £000	2019/20 Proj £000
Projected External Finance:							
- Revenue Support Grant	(3,108)	(3,108)	(2,269)	(2,277)	(2,182)	(2,083)	(2,083)
- Retained Business Rates (inc Pooling)	(3,470)	(3,470)	(3,552)	(3,645)	(3,740)	(3,839)	(3,839)
- Surplus on Collection Fund	(35)	(35)	(35)	(35)	(35)	(35)	(35)
- C/Tax for Parish Precepts	(424)	(424)	(436)	(448)	(461)	(474)	(487)
- Parish Council Tax Grant	(54)	(54)	(54)	(54)	(54)	(54)	(54)
- Council Tax Yield	(5,999)	(5,999)	(6,016)	(6,153)	(6,292)	(6,436)	(6,582)
Total Income based on 0.0% Tax increase Projections	(13,090)	(13,090)	(12,362)	(12,612)	(12,764)	(12,921)	(13,080)
Plus Approved Contributions from Balances:							
- Pre 2014/15 non recurring commitments	(179)	(179)	0	0	0	0	0
- 2014/15 non recurring commitments	0	0	0	0	0	0	0
- Pre 2011/12 recurring Carry Forwards	290	290	0	0	0	0	0
Reprofiling	(768)	(768)	0	0	0	0	0
Use of Earmarked Reserves	0	0	0	0	0	0	0
Total Use of Reserves	(657)	(655)	0	0	0	0	0
Total Projected Resources	(13,747)	(13,745)	(12,362)	(12,612)	(12,764)	(12,921)	(13,080)

COUNCIL RESERVES

Analysis of Council Reserves	Outturn 31 March 2014 £000	Projected 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000
Revenue Reserves							
General Fund Reserve	(3,945)	(2,557)	(1,516)	(2,005)	(2,460)	(2,600)	(2,600)
Projects Reserve	0	0	0	0	0	(663)	(617)
Conservation Reserve	(117)	(117)	(117)	(117)	(117)	(117)	(117)
Collection Fund (Carlisle Share only)	112						
Residents Parking Reserve	116						
Transformation Reserve	(436)	(441)	(1,041)	(1,041)	(1,041)	(1,041)	(1,041)
EEAC Reserve	(52)	0					
Building Control Reserve	(20)						
Cremator Reserve	(212)						
Welfare Reform Reserve	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Total Revenue Reserves	(4,754)	(3,315)	(2,874)	(3,363)	(3,818)	(4,621)	(4,575)
Capital Reserves							
Usable Capital Receipts	(5,273)	(1,738)	(2,539)	(1,344)	(257)	(78)	275
Asset Disposal Reserve	(370)	(360)	(360)	(360)	(360)	0	0
Unapplied capital grant	(191)	(191)	(191)	(191)	(191)	(191)	(191)
Asset Investment Reserve	(48)	(48)	(48)	(48)	(48)	(48)	(48)
CLL Reserve (i)	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(369)	(284)	(399)	(414)	(429)	(444)	(459)
Total Capital Reserves	(6,773)	(3,143)	(4,059)	(2,879)	(1,807)	(1,283)	(945)
Total Usable Reserves	(11,527)	(6,458)	(6,933)	(6,242)	(5,625)	(5,904)	(5,520)
Other Technical Reserves (ii)	(104,055)						
Total All Reserves	(115,582)						

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

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

Report to Executive

Agenda
Item:

A.1(b)(i)

Meeting Date: 10 November 2014
Portfolio: Leader's Portfolio / Culture, Leisure & Young People
Key Decision: Yes: Recorded in the Notice Ref:KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: REVIEW OF CHARGES 2015/2016 – Chief Executive's Team & Deputy Chief Executive's Team
Report of: Chief Executive/Deputy Chief Executive
Report Number: PC 16/14

Purpose / Summary: This report sets out the proposed fees and charges for 2015/16 relating to those services falling within the responsibility of the Chief Executive's Team & Deputy Chief Executive's Team.

Recommendations: The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2015 noting the impact these will have on income generation as detailed within the report.

Where project work is ongoing the Executive are asked to delegate the setting of these charges to the Deputy Chief Executive.

Tracking

Executive:	10 November 2014, 15 December 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP 25/11/14
Council:	

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 Each Directorate and Team is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Chief Executive's Team & Deputy Chief Executive's Team. The charges include the use of event assets by external organisations, promotion and marketing, and the use of the Old Fire Station. 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.

2. CORPORATE CHARGING POLICY 2015/16

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 18th August 2014 and Full Council on 9th September 2014 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:-
 - Recovering the cost of service provision
 - Generate Surplus Income (where permitted)
 - Maintain existing service provision
 - Fund service improvements or introduction of new services(s)
 - Manage demand for service(s)
 - Promote access to services for low-income households
 - Promote equity or fairness
 - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)
- 2.2 The MTFP currently assumes an overall income target for the financial year 2015/16 reflecting an increase of 3.8% on 2014/15 budgets. Income from Arts Centre ticket sales and room lettings is budgeted in the MTFP at £69,900. Income from event assets is not currently included in the MTFP as this is new income.
- 2.3 In addition, the policy recognises that each service area is different. Service managers need to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy.

3. Event Assets

- 3.1 A number of assets are available to organisations for use in events. In the case of community events, agreed by the Community Event Panel, the charges can be reduced, the value of the charges will be considered as additional support in kind for the event.

Table 1: Charges for event assets

Asset	Charge
Stalls	£50/day
Tables	£5/day

4. PROMOTION & MARKETING

- 4.1. The City Council has a number of assets that can be used for promotion and marketing. These assets may be used as part of a value in kind arrangement for an event partner.

Table 2: Charges for Carlisle Focus

Asset	Charge
Carlisle Focus Magazine	£1,000-£1,500 depending on the page. A premium is paid for inside front cover, inside back cover or back cover.

- 4.2. A number of additional assets are being developed through project work; many of these are dependent on planning permission. In the interim, the charges for these assets will be delegated to the Deputy CEO. These include:

Carlisle City Council Website
Discover Carlisle Website
Discover Carlisle Events Guide
Discover Carlisle Holiday Guide
Discover Carlisle Places to Visit Guide
Discover Carlisle campaigns
Tourist Information Centre Banner Space (Economic Development)
Bandstand Banner Space (Local Environment)
Civic Centre Banner Space (PVC)
Civic Centre Banner Space (Digital)
City Centre Lamppost Banners
Highway Lamppost Banners
Bin poster sites
Highway banner spaces agreed along event routes
TIC Bandstand Banner

TV screen in Civic Centre reception
Powerpoint Presentation on the wall in the Civic Centre reception
Display Area in the reception

- 4.3 These new charges are anticipated to generate £10,000 in new income for the Council in 2015/16. This income will offset the costs of supporting events.

5. OLD FIRE STATION

- 5.1. The establishment of an arts centre at the Old Fire Station building on Warwick Street is a key priority within the Carlisle Plan and a major project for the City Council throughout 2014/15 and 2015/16.
- 5.2. At the outset of the project a business case was prepared which estimated the likely level of revenue funding required, and the likely income levels from chargeable services. These have been used to inform the Council's budget setting process and Medium Term Financial Plan. At the point of approval the business case allowed for a net revenue provision of £159,000 (subject to inflationary uplift). Of this, £54,600 is projected to be income generated from ticket sales, £11,600 from room lettings and £3,700 from other lettings.
- 5.3. As the proposed business and operating model has developed, the initial estimates have been revised to form a business plan for the Old Fire Station covering the first three years of operation (2015-18).
- 5.4. This business plan identifies three core trading / income generating areas where Carlisle City Council will impose charges. These are:
- *Ticket sales* (charges for Carlisle City Council promoted events and performances)
 - *Room Hire* (charges for external agencies using the facilities for either non-ticketed meetings / events or ticketed public performances)
 - *Commercial Space / Office Lettings* (charges for tenancy within the available work units / office spaces)
- 5.5. The tables below present the proposed charges for each of the identified charging areas.

Table 3: Ticket sales

Ticket Sales		
Trading Area / Item	Proposed Charge	Notes
Carlisle City Council promoted events and performances	£0 - £25 per ticket	<i>Ticket prices for events will be considered individually and informed by the artist fees and likely market demand. A single ticket price will be applied per event without concessions or variations.*</i>

**Concessions will not be offered, as a flat pricing rate will increase operational efficiency, but more critically because the pricing ethos will be led by a definite focus on affordability and value. Ticket prices will be set to ensure the lowest commercially viable prices for all – a universally lower cost, high value ticket offer.*

Table 4.1: Room hire –The Engine Room

Room Hire – The Engine Room			
Trading Area / Item		Proposed Charge	Notes
The Engine Room (non-ticketed / non performance events)	½ Day (4 hours) Commercial / Private Rate	£150	<i>Available through the day 09.00 – 17.00 only.</i>
	½ Day (4 hours) Charitable Group Rate	£100	
	Full Day (8 hours) Commercial / Private Rate	£250	
	Full Day (8 hours) Charitable Group Rate	£165	
	Evening Commercial / Private Rate	£400	<i>Evening booking comprise 18.00 – 23.00</i>
	Evening Charitable Group Rate	£250	
The Engine Room (ticketed performance event)	Full Day / Evening Rate	20% Door Split (net - after agreed costs) Vs. £300 guarantee*	<i>09.00 – 23.00 Technical support / staffing costs are not included and are to be supplied by the promoter (subject to approval inc. confirmation of insurances, DBS clearance etc) or would be chargeable separately.</i>

* The Door Split Vs. Guarantee arrangement is industry standard practice. Hire is either paid up front via a set fee (the guarantee), or is deferred, with the payment due being 20% of the total value of ticket sales (after agreed costs). This arrangement allows for greater flexibility and can support artists and promoters to stage events without up front capital. Each proposal would be considered on a case by case basis.

Table 4.2: Room hire –The Dormitory

Room Hire – The Dormitory			
Trading Area / Item		Proposed Charge	Notes
The Dormitory	Hourly Commercial / Private Rate	£21	
	Hourly Charitable Group Rate	£15	
	Full Day (8 Hours) Commercial / Private Rate	£125	<i>Available through the day 09.00 – 17.00 only.</i>
	Full Day (8 Hours) Charitable Group Rate	£85	
	Evening Commercial / Private Rate	£125	<i>Evening booking comprise 18.00 – 23.00</i>
	Evening Charitable Group Rate	£85	

Table 4.3: Room hire –The Parquet Room

Room Hire – The Parquet Room			
Trading Area / Item		Proposed Charge	Notes
The Parquet Room	Hourly Commercial / Private Rate	£25	
	Hourly Charitable Group Rate	£17	
	Full Day Commercial / Private Rate	£150	<i>Available through the day 09.00 – 17.00 only.</i>
	Full Day Charitable Group Rate	£100	
	Evening Commercial / Private Rate	£150	<i>Evening booking comprise 18.00 – 23.00</i>
	Evening Charitable Group Rate	£100	

Table 5: Commercial Space / Office Lettings

Commercial Space / Office Lettings		
Trading Area / Item	Proposed Charge	Notes
Unit 2 (17 Metres ²)	£1200 per annum	<i>A service charge, payable in addition to the</i>
Unit 3 (15.5 Metres ²)	£1200 per annum	

Unit 4 (17 Metres ²)	£1200 per annum	<i>rent will be levied to reflect a fair proportion of the cost of the provision of support services including, but not exhaustively, repairs, rates, building insurance, utilities, cleaning of common parts, security etc. This will be calculated based on a proportionate share of the overall building costs.</i>
Unit 5 (7.5 Metres ²)	£600 per annum	
Unit 6 (5 Metres ²)	£450 per annum	

6.0 SUMMARY OF INCOME

6.1 The 2015/16 forecast levels of income based upon the charging structure outlined in this report are as follows:

Table 6: Forecast levels of income

Area	Original Estimate 2014/15	MTFP Target 2015/16	Estimate 2015/16	Shortfall or (Excess) over MTFP
Event Assets	0	0	600	(600)
Carlisle Focus Advertising	0	0	2,000	(2,000)
Advertising	0	0	10,000	(10,000)
Total Income	0	0	12,600	(12,600)
Ticket Sales	0	54,600	54,600	0
Room Lettings	0	11,600	11,600	0
Commercial Lettings	0	3,700	3,700	0
Total Income	0	69,900	69,900	0

7. CONCLUSION AND REASONS FOR RECOMMENDATIONS

7.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2015 noting the impact these will have on income generation as detailed within the report.

Where project work is ongoing the Executive are asked to delegate the setting of these charges to the Deputy Chief Executive.

8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 8.1 The events programme and Arts Centre are key actions for the delivery of the priorities. This report ensures that the City Council's Corporate Charging Policy is complied with.

Contact Officer: Steven O'Keeffe/Gavin Capstick **Ext:** 7258/7123

Appendices attached to report:

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

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

Local Environment –

Resources – The charges outlined in the report are new charges that will raise income in line with the Business Plan for the Old Fire Station and that will raise additional income that can be used to offset the cost of the Council hosting events. The charges for the Old Fire Station will raise income in line with the MTFP and Business Plan. The charges for Council event assets, advertising and sponsorship reflect the preliminary work undertaken to date and reflect only the start of the process. The additional income of £12,600 will be included in the budget process.

Report to Executive

Agenda
Item:

A.1(b)(ii)

Meeting Date: 10 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref: KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: CHARGES REVIEW REPORT 2015/16 - GOVERNANCE AND RESOURCES
Report of: DIRECTOR OF GOVERNANCE and DIRECTOR OF RESOURCES
Report Number: GD.54/14

Purpose / Summary:

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

Recommendations:

The Executive is asked to agree the charges as detailed in the report and set out in Appendix A with effect from 1 April 2015 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	10 November 2014, 15 December 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP 25/11/14
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 Governance Directorate in respect of charges for Electoral Registers, Minute books, room bookings, access to information requests, health and safety advisory services and Local Land Searches; and MOT charges within the Resources Directorate. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.
- 1.4 Attached at Appendix A is an extract from the summary of charges book, which shows the current and proposed level of charge for each of these services.

2. CORPORATE CHARGING POLICY 2015/16 TO 2019/20

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework and is attached at Appendix D, was approved by the Executive on 18 August 2014 and Full Council on 9 September 2014 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:

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

- 2.2 The MTFP currently assumes an income target for the financial year 2015/16 reflecting an increase of 3.8% on 2014/15 base budgets. A 3.8% increase on this base budget would equate to a target increase of £6,500 for recurring 2015/16 budgets.
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ELECTORAL REGISTERS

- 3.1 The Electoral Registration Officer has a statutory duty to maintain the electoral register and to publish a revised register by 1 December each year. Under the Representation of the People Regulations 2001, the Registration Officer must on request supply a copy of the full register to government departments and credit reference agencies and the edited version of the register to any person. The fees for supply of both registers are prescribed in the Regulations and are revised from time to time. The Council has no

discretion to alter them. The current fees are £10 plus £5 for each 1,000 entries for printed registers and £20 plus £1.50 for each 1,000 entries in computer data form. A limited number of companies tend to buy the register each year so the level of income is generally static at £1,200 per annum.

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

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

- 4.1 The charge for hire of a room in the Civic Centre is currently £100 per session; a session comprising morning, afternoon or evening use. An increase of 3.8% to £103.80 is recommended from 1 April 2015. Based on the level of income achieved in previous years the level of income expected to be generated in 2015/16 is £3,500.
- 4.2 The charge levied for the sale of Council Minute Books is £19.68 per copy plus VAT. A number of outside bodies continue to receive free copies of Minute Books and following the release of Council Minutes on to the Internet, there are now no companies who currently receive a chargeable copy. It is recommended that the charge is increased by 3.8% to £20.42 from 1 April 2015. The annual income from the sale of Council Minutes is currently negligible.
- 4.3 Under access to information rules the Council must make copies of reports and agendas available to members of the public and the media that request the same. 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.

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.

The current charges are 2p per copied sheet for black and white and 5p per sheet per coloured sheet for the relevant documents (subject to a minimum charge for copying of £5.00) together with the cost of posting by 2nd class mail at the prevailing rate. Each

Meeting will be considered a separate request. It is proposed to keep the current charge the same for 2015/16

5. LOCAL LAND SEARCHES

- 5.1 The Local Land Charges Act 1975 (“the 1975 Act”) requires registering authorities in England to specify and publicise their own fees for local land charge services (except for personal searches of the local land charges register for which a charge may no longer be levied).
- 5.2 Guidance on the setting of the **LLC1** element of the fees has been published by DCA (“the Guidance”) which should be read in conjunction with the 1975 Act and the Local Authorities (England) (Charges for Property Searches) Regulations 2008 (“the 2008 Regulations”).
- 5.3 Regulation 8 of the 2008 Regulations provides that:

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

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

- 5.4 The Guidance recommends that registering authorities start the process of specifying fees for local land charges services by identifying the local land charges services they provide and calculating the cost of those services so that they can calculate a unit cost for those services. The costs will include the direct costs of maintaining the local land charges register, together with indirect costs covering central overheads. In setting this element of the fees, the Council must take one year with another and average out the costs and the guidance suggests a suitable period of over 1 and 3 years to do this averaging.
- 5.5 The Guidance also suggests that the cost of searches should be calculated having regard to the anticipated demand for the service.
- 5.6 It is difficult to foresee the number of searches that will be submitted in the next year as this depends entirely on the strength of the housing market. The number of searches carried out per month since April 2004 can be seen at **Appendix B** and for the purposes of setting these charges it is assumed that performance will remain constant.

Anticipated demand based on current performance is set out in the table below, which indicates the number of Standard Searches (which include both a CON 29 and a LLC1)

and LLC1s only. Personal searches are **not included** bearing in mind that no fee may now be charged. Members should be aware, however, that personal searches continue to be carried out, at an approximate rate of 1,500 per annum and the Land Charges section continues to resource this by maintaining the records and providing access to the personal search companies.

Type of Search	Percentage	Amount
Standard (Con 29 + LLC1)	96.4%	1,165 (around 60% electronic)
LLC1 only	3.6%	42
Total	100%	1,207

- 5.7 The cost of a standard search is presently £131.00, which is based on the standard Local Land Charges Search Fee (the LLC1 element) of £22 together with the fee for the Standard Enquiries (the CON29R element) of £109.00. In addition, electronic search requests are received via NLIS and these are subject to a 10% deduction in fee.
- 5.8 Predicted income for 2014/15 was £172,000. Actual income is forecasted to be approximately £169,200. It is clear, therefore, that there will be a small shortfall on the predicted income. Income has steadily fallen over recent years and it is believed that while this is partly due to the stagnant housing market, it is also partly due to the authority out pricing itself.
- 5.9 Members will be cognisant of the competitive market within which the land charges service now operates. Personal search companies are carrying out an increasing number of searches, to the detriment of the in-house service. These companies are able to charge their customers a lower fee than the Council, because the Council is not able to charge the companies for accessing its records. Enquiries have revealed that personal search companies charge their clients approximately half of the Council's fee. While there remain benefits to an actual local authority search, such as accuracy and completeness, this level of undercutting is undoubtedly affecting competitiveness, particularly in straightened economic times.
- 5.10 The decline in land charges income is of great concern. In an attempt to maintain overall income levels the authority has adopted a policy of increasing charges annually. In view of the present economic climate and the presence of competitors in the market it is recommended that the Council does not increase its fees for 2015/16.

- 5.11 The proposed fees for 2015/16, therefore, will be (including the 10% discount for those searches submitted on line):

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

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

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

* The combined price charged offers a discount to applicants

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

- 5.13 The estimated income from the Land Charges service for 2015/16 is forecast to be approx £169,200
- 5.14 The target income in 2014/15 was £172,000. Achieving the Corporate Charging Policy increase of 3.8% together with the estimated search numbers in the Medium Term Financial Plan, therefore, would result in a target income for 2015/16 of £178,500. The above forecast falls short of this figure by £9,300.
- 5.15 The actual amount of net income, however, will depend entirely on the actual volume of searches that are made together with any increase in costs, particularly in the costs of the County Council who provide highways information for search enquiries. The housing market seems to be recovering, and search numbers are increasing, but personal search companies appear to be garnering an ever greater share of the market. Members should also be aware there is a proposal for HM Land Registry to take over the land charges function, although very little detail has so far been provided.
- 5.16 Net income (after deduction of NLIS transmission fees) for the previous four years (including the current financial year) is set out at Appendix C.

5.17 The proposed charges are set out at Appendix A

6. HEALTH AND SAFETY

6.1 Last financial year, 2014/15, the Council started charging for training sessions provided by the Council's Safety Health and Environment Manager. The charge was set at £350 for one three hour session (per group of 12) plus expenses if outside Carlisle District.

6.2 Between 1st April 2014 and 15th September 2014, six sessions have been carried out resulting in income to the Council of £2,100.

6.2 It is proposed to increase the charge for 2015/16 to £363.30 plus VAT for one three hour session (per group of 12) plus expenses if outside Carlisle District.

7. MOT CHARGES

7.1 The Council currently charges for MOT testing and this is set at £45. A charge of £39 is also levied for Taxi Testing. MOT charges are set nationally although there is an upper limit of £54.85. It is proposed that the charge for 2015/16 to remain the same for both MOT's and Taxi testing. Projected income generated from MOT testing is £6,000.

8. SUMMARY OF INCOME GENERATED

8.1 The introduction of the charges proposed is forecast to generate income of £174,200 in 2015/16 which is summarised in the following tables:

Governance Service Area	Original Estimate 2014/15 £	MTFP Target 2015/16 £	Original Estimate 2015/16 £	Shortfall or (Excess) over MTFP £
Electoral Registers (para 3)	1,400	1,500	1,500	0
Room Lettings/Minute Book (para 4)	3,400	3,500	3,500	0
Land Charges (1)	172,000	145,500	169,200	(23,700)
Total	176,800	150,500	174,200	(23,700)

(1) The MTFP target includes a recurring pressure i.e. a reduced income target of £33,000

Resources Service Area	Original Estimate 2014/15 £	MTFP Target 2015/16 £	Original Estimate 2015/16 £	Shortfall or (Excess) over MTFP £
MOT Charges	5,800	6,000	6,000	0
Total	5,800	6,000	6,000	0

9. CONSULTATION

9.1 Consultation to Date -

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

10. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as detailed within the report and set out in Appendix A with effect from 1 April 2015 noting the impact these will have on income generation as detailed within the report.

11. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

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

Appendices attached to report:

- Appendix A – Governance Charges**
- Appendix B – Land Charges Data**
- Appendix C – Land Charges Budget History**
- Appendix D – Corporate Charging Policy**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources - The acceptance of the charges highlighted within this report will result in an anticipated level of income of £180,200 against the MTFP target of £156,500. This represents an increase of £23,700 against the MTFP target and will be included in the budget process as additional income.

GOVERNANCE

	<u>Actual</u> <u>Charges</u> <u>2014/15</u> £	<u>Proposed</u> <u>Charges</u> <u>2015/16</u> £
1. Land Charges – Search Fees (VAT Outside the Scope/Non Business)		
Registration of a charge in Part II of the Register	60.00	60.00
Filing a definitive certificate of the Lands Tribunal under rule 10(3)	2.10	2.10
Filing a judgement, order or application for the variation or cancellation of an entry in Part II of the register	6.30	6.30
Inspection of documents filed under Rule 10 in respect of Land	2.10	2.10
Personal search in the whole or in part of the register and in addition, In respect of each parcel of land above one, where under Rule 11(3) the search extends to more than one parcel, subject to a maximum of £13.00	22.00 1.00	22.00 1.00
Official Search (incl. Issue of official certificate of search):-		
a) in any one part of the register (10% on-line discount = £3.40)	3.85	3.85
b) in the whole of the register (10% on-line discount = £19.80)	22.00	22.00
and in addition, in respect of each parcel of land above one, where Under Rule 11(3) more than one parcel is included in the same Requisition (where the requisition is for a search in the whole or in any part of the register), subject to a maximum of £13.00	0.80	0.80
Office copy of any entry in the register (not including a copy of extract of any plan or document filed pursuant to		

these rules)	1.40	1.40
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Copy or extract of any plan or other document filed pursuant to these rules	£various*	£various*
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* Charges will depend upon the type and size of document. As a guide, a copy of a section 106 Agreement or other legal agreement is likely to cost in the region of £10 depending on the number of large scale plans.

Part I – Standard Enquiries

a) One parcel of land	109.00	109.00
One parcel of land (Level 2/3) (10% discount)	98.10	98.10
b) Several parcels of land		
- First parcel	109.00	109.00
- Each addition	16.50	16.50

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

Part II - Optional Enquiries*

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

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

	<u>Actual</u> <u>Charges</u> <u>2014/15</u> <u>£</u>	<u>Proposed</u> <u>Charges</u> <u>2015/16</u> <u>£</u>
2. Civic Centre (VAT Exempt)		
Room Letting - per session	100.00	103.80
3. Council Minutes (VAT Standard Rate)		
- Per Booklet	19.68	20.42
4. Access to Information Requests	2p ° 5p • □	
° per black and white sheet		
• per colour sheet		
□ plus second class postage costs at the prevailing rate		
5. Electoral Registers (VAT - Outside/Scope)		
In Printed Form*	10.00	10.00
Plus per 1,000 entries *	5.00	5.00
Binding of Register	3.65	3.65
In Computer Data Form*	20.00	20.00
Plus per 1,000 entries *	1.50	1.50
Full Printed Register* (limited statutory availability)	410.00	410.00
Full Data Copy* (limited statutory availability)	127.50	127.50
Edited Printed Register* (60,000 entries)	310.00	310.00
Edited Data Copy* (60,000 entries)	110.00	110.00
 *These charges are set by Regulation		
6. Health and Safety		
Training Sessions per three hour session (per group of 12 max)	350.00	363.30
Travel Expenses if outside Carlisle District	+	+
+ travel expenses will depend on nature of expense, mode of travel, cost of rail fare, etc		

APPENDIX B

	2005/06			2006/07			2007/08			2008/09			2009/10			
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	222	12	50	210	12	66	270	0	63	96	2	293	54	4	150	
May	224	15	44	244	15	73	280	6	53	78	5	231	66	4	181	
June	240	16	49	283	13	67	245	6	57	75	1	182	50	6	162	
July	258	14	61	255	12	71	301	3	63	102	3	177	66	8	179	
August	252	15	37	270	16	82	302	7	71	51	1	139	47	7	177	
September	253	18	56	276	5	64	220	2	77	60	3	176	71	10	166	
October	214	22	47	285	9	64	259	10	134	56	9	123	65	2	180	
November	247	24	72	256	18	75	224	9	148	41	6	123	61	3	128	
December	189	17	51	171	5	39	108	11	63	44	0	53	46	4	90	
January	178	5	39	180	5	54	106	58	134	37	2	68	38	5	82	
February	204	8	39	242	9	55	93	30	216	55	3	145	61	13	142	
March	300	23	55	287	12	63	89	8	243	76	5	170	74	31	168	
Total	2781	189	600	2959	131	773	2497	150	1322	504	21	1287	699	97	1805	

(cont ...)

	2010/11			2011/12			2012/13			2013/14			2014/15			
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	68	21	181	80	5	0 ²	93	4	0 ²	74	2	0 ²	114	3	0 ²	
May	80	27	128	93	2	0 ²	108	1	0 ²	118	3	0 ²	99	5	0 ²	
June	92	7	41	116	3	0 ²	87	1	0 ²	75	4	0 ²	101	7	0 ²	
July	104	0	28	100	2	0 ²	99	4	0 ²	131	1	0 ²			0 ²	
August	93	1	0 ²	86	0	0 ²	108	3	0 ²	85	5	0 ²			0 ²	
September	112	3	0 ²	91	2	0 ²	82	1	0 ²	82	4	0 ²			0 ²	
October	110	2	0 ²	83	0	0 ²	95	4	0 ²	132	1	0 ²				
November	110	2	0 ²	74	1	0 ²	93	1	0 ²	91	4	0 ²				
December	91	1	0 ²	76	0	0 ²	52	2	0 ²	69	2	0 ²				
January	71	2	0 ²	94	0	0 ²	76	6	0 ²	100	5	0 ²				
February	69	3	0 ²	107	2	0 ²	84	2	0 ²	92	7	0 ²				
March	93	0	0 ²	94	2	0 ²	96	2	0 ²	116	4	0 ²				
Total	1093	69	378²	1094	19	0²	1073	31	0²	1165	42	0²	314	15	0²	

¹ FIGURES SHOWN ARE UP TO JUNE 2014

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

APPENDIX C

Period	Net Income	Original Budget
2011/12*	£151,010	£142,200
2012/13**	£156,026	£150,000
2013/14***	£169,557	£165,700
2014/15	£169,200 est.(£82,182 to date)	£172,000 (£86,036 to date)

* The budget for 2011/12 was reduced by a recurring budget pressure of £251,300 as part of the 2011/12 budget process but later revised up by £29,500 as part of the Potential Year end Report RD84/11

** The base budget for 2012/13 was increased by a recurring £33,000 as part of the 2012/13 budget process. Net Income figure for 2012/13 is based on 6mths actual and 6mths estimated.

*** An additional recurring £10,000 was added to the base budget as part of the 2013/14 budget process

APPENDIX D

CORPORATE CHARGING POLICY 2015/16 TO 2019/20

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

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

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

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

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

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

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

- Persons over the age of 65

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(iii)

Meeting Date: 10th November 2014
Portfolio: Environment and Transport
Key Decision: Yes: Recorded in the Notice Ref:KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: REVIEW OF CHARGES 2015/2016
Report of: The Director of Local Environment
Report Number: LE03/14

Purpose / Summary:

This report sets out the proposed fees and charges for 2015/16 relating to those services falling within the Local Environment Directorate.

Recommendations:

The Executive is asked to agree the charges as set out in the body of this report and relevant appendices with effect from 1st April 2015 noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	10 November 2014, 15 December 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP 25/11/14
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 Local Environment Directorate and covers City Centre usage by external organisations, Car Parking, Allotments, Sports Pitches, Environmental Quality, Food Safety, Waste Services and Bereavement Services. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy.
- 1.3 The charges, which have been reviewed, are addressed separately below.
- 1.4 Attached at Appendix C are extracts from the summary of charges book, which show the current and proposed level of charge for those services.

2.0 CORPORATE CHARGING POLICY 2015/16 TO 2019/20

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 18th August 2014 and Full Council on 9th September 2014 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:-
 - Recovering the cost of service provision
 - Generate Surplus Income (where permitted)
 - Maintain existing service provision
 - Fund service improvements or introduction of new services(s)
 - Manage demand for service(s)
 - Promote access to services for low-income households
 - Promote equity or fairness
 - Achieve wider strategic policy objectives (e.g. encouraging Green Policies)
- 2.2 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the main principles of the Council's Corporate Charging Policy which is set out in full in Appendix C.

3. CITY ENGINEERS

3.1 CITY CENTRE EVENTS CHARGES

- 3.1.1 The City Council exercises its powers, set out in Section 115 of the Highways Act 1980, to charge reasonable expenses for events and activities undertaken in the pedestrianised area and other relevant parts of the City Centre. The income generated is partly used to contribute to the cost of managing the City Centre and the events arranged there.
- 3.1.2 In 2014/15 the charges were held at the previous levels apart from the introduction of a new charge for large commercial promotions and markets. This new charge has not been successful as there is a reluctance to pay the charge of £400 per day. Members were advised that this was likely to be the case based on advice from promotional companies. Organisers are simply reducing the size of their event to remain within the £200 charge band. It is the view of officers that income levels and the range of events would be better served by having a charge of £60.00 per day for each individual item placed in the area. There is a strong demand from organisations wishing to hold events and promotions in the City Centre. It is considered that income can continue to grow and the proposed charging structure would make marketing of the area easier.
- 3.1.3 The proposed charging structure is set out in the table below. It is anticipated that these charges will meet the MTFP budget target.

TABLE 1 - CITY CENTRE EVENTS CHARGES

Event Type	Current Charges 2014/15	Proposed Charges 2015/16
Charities, education and public information events	No charge	No charge
Large Commercial Markets	£1,000 per day	£1,000 per day
Farmers Markets (e.g. Local Traders)	£60 per day as per small promotions	£15 per stall per day
Large Children's Ride	£80 per day	£85 per day
Small Children's Ride	£50 per day	£55 per day
Commercial Promotions - Small - Medium	£60/day £200/day	n/a n/a

- Large	£400/day	n/a
Commercial Promotions		
- One item	n/a	£60 per day
- Two items	n/a	£120 per day
- Three items	n/a	£180 per day
- Four items	n/a	£240 per day
Additional items pro rata		
Pavement Cafés		
- County Council administration fee, payable when licence granted	£20	£20
- City Council administration fee, payable annually to cover		
-Up to 2 tables and 4 chairs	£100	£110
-Each additional table and 2 chairs	£25	£30
- Legal fee for preparation of licence	£200	£200

3.1.4 In respect of the proposed charges the following points should be noted: -

- In respect of the current concessions given, it is proposed that the following types of event and organisations continue to be authorised the use of the City Centre free of charge.
 - Church & other religious events.
 - Street Theatre.
 - Community Information Stands.
 - Registered Charities.
 - Political Parties.
 - Community Service Organisation's (e.g. Police, Fire Service etc)
- The administration fee for Pavement Cafés has been increased to reflect the additional staff costs and resources required to monitor the operation of these activities.
- The charge for Children's Rides has been increased for the first time in a number of years in line with MTFP targets.
- The charge for Farmers Markets has been introduced to ensure that the charge reflects the number of stalls at the market. A charge of £15 per stall per day is proposed.

3.2 CAR PARKING

3.2.1 Introduction

In March 2012 a new charging structure was introduced to the City Council pay and display car parks to try and reverse the long term trend of falling car park usage and income. The car park charges introduced in 2012 have remained unchanged for 2 years apart from minor changes made last year to some of the charges for special events. The initial impact of the revised charging structure as reported in last years charges report was an indication that usage and income in some car parks was beginning to pick up, however overall car park usage and income is still continuing to fall. In order to establish the latest situation with car park usage and examine how car park usage can be increased a consultant has been engaged to report on options. The final report from the consultant is due shortly and a presentation will be made to JMT on the recommendations.

The consultant has prepared, in advance of his final report, a dynamic model of car park income and usage over the last 5 years which can be used to predict the likely impact of future changes to car park charges. City Council officers have used this model and their knowledge of the City to prepare this charges report and make initial proposals for future car park charges. When the final report from the consultant is available these proposals may need to be refined in line with the Consultants recommendations.

3.2.2 Car Park Usage

The model has analysed car park usage and income over the last 5 years. The tables below show how usage and income has changed over recent years.

TABLE 2a – CAR PARK USAGE

Car Park	Annual % Changes in Usage					5 Year Total
	2009/10 to 10/11	2010/11 to 11/12	2011/12 to 12/13	2012/13 to 13/14		
Civic Centre	+10	-7	-12	-3		-13
Town Dyke Orchard	-5	-7	-9	-10		-28
Bitts Park	-6	-7	-7	+4		-15
Lowther Street	+50	0	-14	-13		-25
Upper Viaduct	0	-23	-1	-9		-30
Sands	-8	-10	-3	-3		-23
Paddys Market	+1	-3	-13	-10		-23
Swifts Bank	+9	-44	-5	-12		-49
Cecil Street	-6	-11	-8	+5		-19
Devonshire Walk	-3	-13	-13	+9		-19
William Street	+10	-1	+2	-11		-1
Lower Viaduct	-5	-11	-6	-2		-22

TABLE 2b – CAR PARK INCOME

Car Park	Annual % Changes in Income					5 Year Total
	2009/10 to 10/11	2010/11 to 11/12	2011/12 to 12/13	2012/13 to 13/14		
Civic Centre	+14	-2	-10	-3		-3
Town Dyke Orchard	+1	-2	-9	-10		-18
Bitts Park	-2	-2	-6	+3		-6
Lowther Street	+67	+9	-6	-12		-10
Upper Viaduct	+1	-24	+3	-8		-28
Sands	-5	-3	-10	-4		-20
Paddys Market	+6	+4	-16	-15		-21
Swifts Bank	+13	-39	-15	-10		-47
Cecil Street	-9	+1	-16	+8		-17
Devonshire Walk	-1	-5	-17	+10		-14
William Street	+10	+10	-1	-8		+10
Lower Viaduct	-3	-1	-14	-1		-19

It should be noted that usage and income in some car parks is showing an increase since 2012/13 when the new charging structure was introduced but the overall trend is still downward.

3.2.3 Pay by Phone Usage

Pay by Phone to purchase parking space was introduced in 2012/13 and since then usage of this service continues to grow steadily. In August 2014 there were 1100 transactions (an increase of 47% from the previous year). Revenue in August was £4,547, up from £3,000 the previous year (a 51% increase). This income only represents 5% of total car park income but the rate of growth is to be welcomed. This usage mirrors results in other cities where growth is steady over a number of years.

3.2.4 Proposed Charging Structure

The following tables detail the proposed charging structure for 2015/16. The overall proposals are based on the use of the car park model which indicates that appropriate reductions in charges can potentially increase car park income and usage. The changes set out in this report could potentially increase income by £131,000 but much will depend on successful marketing, the economic climate and the reaction of competitors in providing this service. However members should note that with effect from the 25/09/2014 the income from Cecil Street car park has now to be handed to the County Council as owners of this car park. This will result in an expenditure pressure of £75,400 in car park income thus reducing the potential increase in income to £55,600.

3.2.5 Pay and Display Charges

The existing car park charges for 2014/15 are shown in table (a) below. For 2015/16 it is proposed that car park charges be amended as set out in table (b) below. A number of reductions in charges are proposed together with the creation of a new charging category to be used in Devonshire Walk and Lower Viaduct car parks which are underused car parks. The changes proposed have been developed by use of the model which predicts that lower prices, together with appropriate marketing should increase usage and income. The proposed charges which could potentially increase income by £131,000 include a proposal to introduce a fixed £1 evening charge for overnight parking between 6.00 pm and 8:30 am the following morning. This charge alone is estimated to generate £18,000 of the additional income. It should be noted that as well as the changes to charges it is proposed to create a new car park category and amend some of the existing car park categories. Details are given later in this report.

Pay and Display Charges 2015/16

a) **TABLE 3a - Existing Pay and Display Charges 2014/15**

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

b) **Table 3b - Proposed Pay and Display Charges 2015/16**

Length of Stay	Category 1	Category 2	Category 3	Category 4	Category 5
1 hour	£1.00	£1.00	£1.00	£0.80	£0.60
1-2 hours	£2.00	£2.00	£1.80	£1.50	£1.20
2-3 hours	£2.50	£2.50	£2.50	£2.20	£1.80
3-4 hours	£3.00	£3.00	£3.00	£2.80	£2.40
4-6 hours	£10.00	£5.00	£3.50	£3.20	£2.70
6-9.5 hours	£10.00	£5.00	£4.00	£3.50	£3.00
Evening (6pm – 8.30am)	£1.00	£1.00	£1.00	£1.00	£1.00

0.00 indicates reduction in charge from 2014/15

0.00 indicates new charge for evening parking between 6pm and 8.30am following day.

3.2.6 Contract Parking Charges (Saver Permits)

In March 2012 the concept of “Saver Permits” was introduced to promote the purchase of contract parking permits. The scheme offered savings to those who paid in advance for all day parking. The scheme unfortunately has not led to increased purchases of permits by individuals but recently we have had more success in marketing permits to groups of co-workers by offering a further discount when more than 10 permits are purchased. If the proposed changes to the Pay and Display charges set out in table (b) above are accepted then the charges for Saver Permits needs to be reviewed. The attached table below sets out a set of charges for 2015/16 for Saver Permits and gives a comparison with the existing charges. It should be noted that William Street car park is due to close on the 31/12/2014 and contract permits will not be available ,Cecil Street car park is now County Council owned and its future use is uncertain and therefore contract permits will not be sold for this car park.

Someone purchasing a saver permit would make an approximate saving of 40% compared to purchasing daily pay and display tickets. It is considered that these revised charges are competitive compared to the offer from private car parks.

TABLE 4 - Proposed Saver Permit Charges

	Category/Car Parks	Existing 2014/15 charges (Equivalent daily charge £)		Proposed 2015/16 charges (Equivalent daily charge £)	
		Annual	Monthly	Annual	Monthly
<u>Cat 1</u>	Civic Centre Town Dyke Orchard* *Town Dyke to become Cat 2 from 2015/16	No saver permits available		£2,600 (£10.00)	£210 (£10.00)
Cat 2	Bitts Park Lowther St Upper Viaduct* *Upper Viaduct to become Cat 3 from 2015/16	£900 (£3.46)	£75 (£3.57)	£650 (£2.50)	£63 (£3.00)
Cat 3	Paddy's Market The Sands Swifts Bank (subject to availability for public use) Upper Viaduct* *Upper Viaduct to become Cat 3 from 2015/16	£720 (£2.76)	£60 (£2.85)	£520 (£2.00)	£50 (£2.40)
Cat 4	Cecil Street William Street (permits no longer available for William and Cecil street for 2015/16) Devonshire Walk	£600 (£2.30)	£50 (£2.38)	£455 (£1.75)	£44 (£2.10)

	Lower Viaduct				
Cat 5	Lower Viaduct Devonshire Walk *These car parks to be Cat 5 from 2015/16	This category not available in 2014/15		£260 (£1.00)	£32 (£1.50)

Note : There are changes proposed to the car park categories, see 3.2.7 below.

3.2.7 Car Park Categories

Following the review of car park usage which has just been undertaken it is apparent that some car parks are not attracting the customers they should be capable of doing. It is proposed that a number of car parks be re-allocated to new categories to better reflect their charging potential and current condition. The proposed changes are highlighted in the table below and are explained in the following notes:

TABLE 5 – Car Park Categories

Category	Existing	Proposed
Cat 1	Civic Centre Town Dyke Orchard	Civic Centre
Cat 2	Bitts Park Lowther Street Upper Viaduct	Bitts Park Lowther Street Town Dyke Orchard
Cat 3	Paddy's Market The Sands Swifts Bank	Paddy's Market The Sands Swifts Bank Upper Viaduct
Cat 4	Cecil Street William Street (due to close 31/12/14) Lower Viaduct Devonshire Walk	Cecil Street
Cat 5	This category does not exist at present	Lower Viaduct Devonshire Walk

The points to note are:-

William Street – This car park is owned by the County Council and they have served notice that they wish to close this car park on 31st December 2014, this is to enable construction work to commence on new offices.

Cecil Street – This car park is now owned by the County Council but no notification has been received of any intended closure, it is assumed this car park will continue in use. Since 25/09/2014 all net income from this car park is now paid over to the County Council after the City Council has deducted relevant management fees and expenses, this is in line with an agreement drawn up in September 2012. The impact of handing over the net income for both Cecil Street and William Street is an expenditure pressure of £75,400.

Town Dyke Orchard – This car park is currently classed as Category 1 and has a high all day charge of £10 to discourage long stay parking. In view of the fact that this car park usually has ample spare capacity it is proposed that it be re-designated as Category 2 with an all day charge at £5. This change may lead to an increase in customers wishing to park all day with corresponding increase in income.

Upper Viaduct - This car park, which is in Category 2, is currently in poor condition unlike the other Category 1 and 2 car parks which have all been improved. Usage of this car park has been falling, particularly all day parkers. Until such time as improvements can be made to the car park it is proposed it be re-designated as Category 3. The reduction in the cost of all day parking will hopefully encourage more usage. This may be particularly relevant with the closure of William Street Car Park, the displaced customers may find Upper Viaduct to be a convenient alternative car park to use.

Devonshire Walk/Lower Viaduct - These 2 car parks which are in Category 4 are in poor condition and have very low occupancy rates. Many drivers appear to consider these car parks to be difficult to access and remote from the City Centre. In order to encourage usage of these 2 car parks it is proposed that substantial reductions are made to the charges and that these car parks are placed in a new Category 5.

3.2.8 Car Park Charges for Special Events

In 2014/15 the charges for special events were reviewed to bring them in line with the Pay and Display charges. The table below sets out existing charges and the proposed special event charges for 2015/16 which reflect the proposed new Pay and Display charges. In addition to the charge for the spaces occupied it is proposed to levy a minimum administration charge of £100, additional administration charges would be levied at £35/hour where the time to deal with events exceeds 3 hours. All users will be required to ensure that the site is vacated as they find it. Any damage repairs or cleaning required will be charged to the applicant.

The table below details the existing and proposed charges for Special Events.

TABLE 6 – Proposed charges for Special Events

<u>Car Parks Category</u>	<u>Existing Special Events Charge (£)</u>	<u>Proposed Special Events Charge (£)</u>
1	£10.00	£10.00
2	£6.00	£5.00
3	£4.70	£4.00
4	£4.00	£3.50
5	No category 5 at present.	£3.00
1) The above charge is the daily charge for each marked bay occupied. 2) A Minimum administration charge of £100 will be applied to each application. Additional administrative costs of £35/hour will be charged for the time spent over 3 hours.		

3.2.9 Car Park Traders

In 2012 a trial commenced on Upper Viaduct Car Park allowing a mobile food van to park on the car park to serve Thai Food. The vehicle appears to be trading well and no problems have been reported by other car park users. At present the vehicle is charged for the spaces occupied based on the daily charge per space. Enquiries have been received from other traders considering selling coffee, food and hiring cycles from our car parks.

It is proposed that each individual application be assessed on its merits and individual licences be granted to traders where officers consider this appropriate. These licences would be similar to the licences currently granted to pavement cafes. It is proposed that applicants be asked to pay the following charges:-

- All legal costs incurred in drawing up licence agreement (£250 +VAT).
- Rental Charge based on the number of car park spaces occupied and/or affected. To be charged at relevant special event rate.
- Annual administration charge of £100 to cover cost of routine inspections by officers of the site to ensure compliance with licence conditions.

4. NEIGHBOURHOODS AND GREEN SPACES

a. Allotments

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

4.1.2 Taking all factors into account, it is proposed that current charges are increased as shown below to achieve the 3.8% increase in income in line with current MTFP expectation. The existing and proposed charges are as shown in Table 7 below:

TABLE 7 – EXISTING 2013/14 AND PROPOSED 2014/15 ALLOTMENT CHARGES

Type of Charge	Existing Charge 2014/15	Proposed Charge 2015/16
Rental	24p per square metre	25p per square metre
Water Supply	£10.70 for the year	£11.00 for the year

- iii. Individuals in receipt of a state pension currently receive a 50% discount on the allotment rental but not the water supply charge and approximately 40% of existing holders fall into this category. There is a further 10% discount to those tenants associations' who collect rents on behalf of the City Council. In return for this discount the Committee members carry out tasks including the administration of lettings and rent collection thus saving an administrative burden on Council officers. Several allotment sites are now run by associations of plot-holders and set their own rental charges which may differ from those sites directly managed by the City Council.

b. USE OF PARKS AND GREEN SPACES

- 4.2.1 Charging for the use of parks and green spaces was introduced for 2012/13 as per Table 8, with a category for low key commercial use introduced in 2013/14. It is proposed that the charges are increased as shown in Table 8 in line with the requirement to achieve an overall increase in income of 3.8% in line with the MTFP.

TABLE 8 – PROPOSED CHARGING LEVELS FOR THE USE OF PARKS

TYPE OF ACTIVITY/EVENT	2014/15 Charge		Proposed 2015/16	
	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT	MINIMUM FEE	LARGE EVENT INC CATERING PER EVENT
‘Low key’ commercial use – <ul style="list-style-type: none"> Caterers selling hot and cold prepared food and drinks (e.g. burgers, pies, sandwiches etc.) Fun Fairs 	£55 per day Sliding Scale (see 4.2.2)	N/A	£60 per day Sliding Scale (see 4.2.2)	N/A
City Council organised events – to be recharged to the Directorate leading the event.	Re-instatement/ cleaning at cost	N/A	Re-instatement/ cleaning at cost	N/A
Not for profit, special interest events, with charitable status (proof required) where a charge is made for entry.	£210 plus re-instatement cost	£210/ per day plus re-instatement cost	£220 plus re-instatement cost	£220/ per day plus re-instatement cost
Fully commercial, profit making events – e.g. Circus Shows, music concerts etc	£1,040 plus re-instatement costs	£1,040 per customer/per day plus re-instatement costs	£1,080 plus re-instatement costs	£1,080 per customer/per day plus re-instatement costs

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

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

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

2014/15 Charges

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

Proposed 2015/16 Charges

- 1-10 rides/stalls £315 plus VAT per open day
- 11-15 rides/stalls £430 plus VAT per open day
- 16-20 rides/stalls £550 plus VAT per open day
- Over 20 rides/stalls by negotiation.

4.2.4 It is suggested that a charge should be introduced for the days a fun fair is being built/derigging. This would encourage the return of the park to normal usage as quickly as possible.

4.2.5 This is in line with other Authorities such as Haringey, Brighton & Hove, Perth & Kinross and others who charge fees ranging from a percentage of operational day cost to full operational day cost

4.2.6 The recommendation is to introduce the charge at a daily rate equal to 25% of the operational rate as shown below.

Proposed Building/Derigging Charges for 2015/16

- 1-10 rides/stalls £79.00 plus VAT per day
- 11-15 rides/stalls £108.00 plus VAT per day
- 16-20 rides/stalls £138.00 plus VAT per day
- Over 20 rides/stalls by negotiation.

4.2.7 The charge is set low initially in order that event organisers are not deterred from holding their event on Carlisle City Council land by the introduction of a new charge.

4.3 SPORTS PITCHES

- 4.3.1 The proposed increases in charges for football and rugby pitches which are substantially in accordance with the MTFP target are shown in Table 9 below

TABLE 9: Existing 2014/15 & proposed 2015/16 charges for pitches - with inflationary uplift only

TYPE OF USE	Existing Charge 2014/15	Proposed Charge 2015/16
Senior Clubs/match	£54.00	£60.00
Junior Clubs/match	£24.00	£30.00
<u>Pitch and Accommodation/Season*</u>		
Senior Clubs	£540.00	£560.00
Junior Clubs	£161.00	£175.00
*Includes use of showers, changing facilities and training room if available		
<u>Pitch Only/Season</u>		
Senior Clubs	£199.00	£215.00
Junior Clubs	£57.00	£65.00

- 4.3.2 It is proposed to implement a “dirty pitch penalty” system where litter is left following matches. Litter includes (but not limited to) plastic bottles, cans, sock tape and plastic bags.
- 4.3.3 For a first infringement, a yellow card would be given, to warn that if pitch/facilities are left in a dirty state again a red card will be given along with a penalty equivalent to the cost of one match as shown in Table 9a below. The red card would be awarded for any subsequent infringement within the same football season.

TABLE 9a Dirty Pitch Penalty Charge

TYPE OF USE	Proposed Penalty 2015/16
Senior Clubs/match	£60.00
Junior Clubs/match	£30.00

4.4 Play Area Inspection Fee

- 4.4.1 The fee for administering the accredited (RPii) play area inspections, which includes providing Parish Council's with a report is confirmed at 15%.

4.5 Talkin Tarn Car Park/Other Charges

- 4.5.1 The income from car parking is an important funding stream for Talkin Tarn particularly given the withdrawal of transitional financial support from the County Council and greatly helps to reduce the annual revenue costs of the facility. In 2012/13 the income generated by the car park fell short of the target figure due to the generally poor weather and its impact on visitor numbers. By contrast the year 2013/14 showed a much improved performance and is currently running approximately £5,000 ahead of target. In last year's Charges Review a proposal for implementing a new charging structure was put forward, and a compromise was reached as per Table 10 below. Those charges should remain for 2015/16.

TABLE 10 – TALKIN TARN CAR PARK CHARGING PROPOSALS FOR THE FINANCIAL YEAR 2015/16

Service	2014/15 Charge	2015/16 Proposed Charge	For
Up to 1 Hour	£1.00	£1.00	
Over 1 Hour	£2.00	£2.00	
Talkin Tarn Membership	£52.00 per annum	£52.00 per annum	

2013/14, the annual parking permit was rebranded as the Talkin Tarn Membership with the inclusion of other services in addition to car parking at Talkin Tarn i.e. six 10% off vouchers to spend at the Cafe and a newsletter to show which projects at the Tarn are in benefit of the membership revenue. As a product the Talkin Tarn Membership is still in a developmental phase, and therefore the charge should remain at £52.00 per year.

- 4.5.2 The Business Plan for Talkin Tarn seeks to generate income wherever it is feasible and safe to do so. Other charges that are currently prevalent at Talkin Tarn are outlined in Table 11. Charges have been increased in line with the MTFP requirement other than for fishing permits and swimming registration.

4.5.3 TABLE 11 – TALKIN TARN CURRENT AND FUTURE PROPOSED CHARGE LEVELS FOR OTHER INCOME

ACTIVITY/FACILITY	CURRENT CHARGE 2014/15	PROPOSED CHARGE 2015/16
Education Cabin Hire	£31/half day	£32/half day
	£57/full day	£60/full day
	£6.75/hr, min. charge 2 hrs	£7.00/hr, min. charge 2 hrs
Alex Boathouse Hire	15% of any takings	15% of any takings
Water Sports Day Permit	£6.75	£7.00
Annual Water Sport Permit	£320 (For Groups)	£335 (For Groups)
	£110 (For Individuals)	£115 (For Individuals)
Fishing Permit	£2.50 adult per day	£2.75 adult per day
	£1.50 child per day	£1.75 child per day
	£25 Annual Permit	£30 Annual Permit
Annual Registration Fee for Swimming	£9.00 per adult	£10.00 per adult

4.6 BEREAVEMENT SERVICES

- 4.6.1 In order to achieve the 3.8% increase in income in line with current MTFP expectation, it is proposed that the charges be increased to the figures set out in Appendix B.
- 4.6.2 It is proposed to introduce a charge of £20.00 to search burial records where a date is supplied. This service was previously offered free of charge but it is now suggested that the officer time taken up by such searches should be recompensed by the enquirer.
- 4.6.3 This is in line with neighbouring authorities:
- Eden charge £22 for the first name & £11 for each subsequent name
 - Allerdale charge £35 for the first hour of a manual search, then £20 for each subsequent hour
 - Copeland charge £20 for a single enquiry up to 30 minutes or £150 for a multiple enquiry over 30 minutes
- 4.6.4 The income expectation from cremation and interment fees has risen out of line with the actual death rate to the point where the shortfall reached over £50,000 in 2012.

With Carlisle and north Cumbria's population projected to grow only slowly over the lifetime of the MTFP and no significant variation in the death rate, this gap will only continue to grow unless action is taken to bridge it. It is suggested that the fees are increased to the levels suggested in the report, significantly above inflation, in order to bring the budgets back into balance.

In future it is suggested that the projections of income expectation should be evidence-based using data supplied by the Cumbria Health Observatory, which produces population projections and demographic data annually.

5.0 ENVIRONMENTAL HEALTH

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

5.2 PEST CONTROL CHARGES

Following last years full review of pest control charges this year the charges are increased as shown at Appendix A to achieve the 3.8% increase in income in line with MTFP expectations. There is a standard charge of £39.00 (+VAT) for all domestic insect and public health pests. Domestic charges including wasp treatments continue to represent good value when compared to other providers. Senior Citizens continue to receive significant discounts for domestic treatments but these charges have increased above 3.8% to £25.00 for a domestic insect and mice treatment.

5.3 FOOD SAFETY

5.3.1 The cost of a Food Export Certificate has risen by £3.00 to £19.00. These certificates are issued to food manufactures who export to non EU countries and confirm the food production complies with food hygiene and food safety requirements. The certificate cost is kept low as the cost of the EHO time can be added should significant inspection time be required. For most exporters only the certificate is charged for as the Food Safety Team will already understand the exporter and their process.

5.3.2 The now rarely requested certificate of unsaleable food, which is issued where for example freezers breakdown and the food owner would like confirmation for insurance that the food is either unfit or unsaleable, has increased to £31.00.

5.3.3 The Council can also deliver basic food hygiene training for internal and hard to reach groups. The proposed charge for this is £52.00 per person.

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

5.4 PUBLIC HEALTH AND CLEAN NEIGHBOURHOODS

Central Government determines the range of fines for Fixed Penalty Notices (FPN). The fines issued by the City Council are the same as in 2014/15.

The Anti-social Behaviour, Crime and Policing Act 2014 introduces the options to serve fixed penalty notices for breaches of the Act's Community Protection Notices and Public Spaces Protection Orders. The fixed penalty levels for these new Notices are set at the maximum level of £100 but reduced for the Community Protection Notices to £60 if paid within one week of issue.

5.5 MISCELLANEOUS LICENCES

These national licences cover many public health and health and safety at work situations. The Council has discretion on the charges applied to these situations, it is proposed to increase charges in 2015/16 in line with the medium terms financial plan expectations of 3.8%.

5.6 CCTV

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

5.7 PRIVATE WATER SUPPLY SAMPLING

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

or another investigation is carried out, or an authorisation granted, there are additional charges.

There have been no increases in the charges for private water supply samples and visits and these are still well below the maximum chargeable under the Regulations.

5.8 CONTAMINATED LAND & INFORMATION REQUESTS

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

5.9 STRAY DOGS

For 2015/16 the Council has had to revised its processes for the collection and detention of stray dogs. The charge now includes kennelling, administration costs and the £25.00 statutory fine set by the Environmental Protection (Stray Dogs) Regulations 1992. The kennelling charge is recovered for each day that the dogs are detained, up to the maximum 7 day responsibility placed on the Council.

5.10 GENERAL ADMINISTRATION FEES

The City Council will seek to recover reasonable costs for processing work necessary due to non compliance with Statutory Notices. A £16.00 administration fee will be added to the charges recovered following works in default. Where requests are made to copy information a 12p per sheet copy charge has been recommended.

5.11 MOBILE HOMES ACT 2013

This new Act requires the City Council to Licence and inspect those caravan sites which provide permanent residential sites and operate all year round.

5.12 ENVIRONMENTAL PROTECTION ACT – LAPPC CHARGES

The charges for the Local Authority Pollution Prevention and Control (LAPPC) regime continue to be set nationally. The figures are not usually available until March each year and have in the past been set well below the 3.8% MTFP Target.

6.0 WASTE SERVICES AND STREET CLEANSING

The current charge for bulky waste collections is £18 for up to 5 items. This is substantially cheaper than many other authorities. For example Eden District Council charges £22 for 3 items, and Copeland and South Lakes District Councils both charge £25 for 3 items. Allerdale charge £18.26 for up to 6 items, then an additional £18.26 for each group of up to 6 items after that.

- 6.1** Whilst the number of collections decreased from 2012/13 to 2013/14, the actual tonnage has increased disproportionately & current indication is that this upward trend in tonnage continues.
- 6.2** In the last 18 months there has been no request to collect either hot water tanks or boilers and only two radiators. To encourage recycling of metal items, hot water tanks, boilers and radiators have been removed from the list of items we will collect.
- 6.3** It is not recommended that we cease providing the bulky waste collection service altogether, as this is likely to increase instances of fly tipping or other social nuisance .
- 6.4** The current charging structure has a second set of charges for fixtures & fittings. The number of requests for collections in this category for the period April 2013 to March 2014 was 37. For the period April to August 2014 there have been 16 requests.
- 6.5** It is proposed to reduce the number of items that will be collected but to leave the charge at the current level so up to 3 items will be collected for £18.
- 6.6** To simplify charges & facilitate online booking/ payment, the separate set of charges for Fixtures & Fittings is removed & these items are incorporated into the charging structure outlined above.
- 6.7** Table 12 shows the list of acceptable items for collection & the simplified charging structure

TABLE 12 –ITEMS AND PROPOSED CHARGES

Item	Charge
Armchairs	
Bathroom fittings (e.g. sink, toilet, bath, shower, bidet)	
BBQ (all sizes)	
Bed frame/base	
Book case	
Chest of drawers	
Cooker	
Desk	
Dishwasher	
Doors	
Dresser	
Dressing table	

Fence Panel	Up to 3 items £18
Freezer	
Fridge	
Fridge/freezer	
Full Carpet	
Gate	
Garden bench	
Garden Table	
Head Board	
Hifi Unit/ Cabinet	
Kitchen Units (e.g. sinks, cupboards, worktops, drawer units)	
Large Hood Extractor Fan	
Mattresses of all sizes	
Sideboard	
Sofa	
Step Ladder	
Table	
TV Unit/cabinet	
TV 22inch+	
Tumble dryer	
Wall Unit	
Wardrobe	
Washing machine	

- 6.8** Table 13 sets out the charges for replacement waste receptacles. The charge for a 140 litre refuse bin should remain at £20 in order to encourage waste minimisation. The trial for box hats has been successful & it is therefore proposed to remove the £1 charge for a box hat to encourage recycling and minimise litter.
- 6.9** It is proposed that the charge for a 240 litre refuse or garden waste bin should increase to £35. This is greater than the MTFP requirement of 3.8% in order to allow for freezing the charges for 140 litre refuse bins, and to enable free provision of box hats.
- 6.10** From November 2014 we will supply two sizes of gull sack – the standard existing 162 litre gull sack charged at £10 for 2014/15, and a smaller 88 litre gull sack. It is proposed to offer the 88 litre gull sack at £6. To act as an incentive for waste minimisation it is proposed to increase the price for the 162 litre gull sack to £12, i.e. double the cost of the smaller option. These proposals are included in Table 13.
- 6.11** In 2013/14 a charge for lost and replacement refuse containers was introduced. The primary purpose of this charge was to limit demand for new and replacement refuse containers. The option to purchase a second garden waste bin for extra recycling is withdrawn as rounds are at capacity and we can no longer guarantee new

properties a garden waste collection for garden waste recycling. Advice will be offered on home composting. Cumbria County Council are able to offer compost bins for sale from as little as £11 with £5:99 for delivery, please visit <http://www.recycleforcumbria.org>

- 6.12** A charge for lost and replacement garden waste bins is proposed. As with refuse bins, a garden waste bin is free for brand new properties or in circumstances where the bin goes into the wagon or is damaged by the crews during collection. All other replacements will be charged.
- 6.13** In order to provide our customers with more options for purchasing replacement refuse bins, we will continue to offer the option of a reconditioned bin for £15.
- 6.14** A developer charge for new and replacement Euro Bins was introduced for 2013/14. It is proposed to increase this to £295 in line with the MTFP requirement. Table 13 summarises these proposed changes.
- 6.15** Developers will continue to be charged for the cost of supplying households on new developments for the first set of waste and recycling containers as per Table 13.

TABLE 13 – WASTE RECEPTACLE CHARGES

Container Type	2014/15 Charge	Proposed 2015/16 Charge
Refuse Bin (Grey)		
140 litre	£20.00	£20.00
240 litre	£30.00	£35.00
Reconditioned Refuse Bin	£15.00	£15.00
162 litre Standard Seagull Sack	£10.00	£12.00
88 litre Seagull Sack	-	£ 6.00
Garden Waste Bin (Green)		Replacement Only
240 litre	£30.00	£35.00
Additional bins no longer available		
Box Hat	£1.00	Free
Euro Bin	£285.00 + Delivery Cost	£295.00 + Delivery Cost

7 SUMMARY OF INCOME

7.1 The original 2014/15 budgets and 2015/16 forecast income levels based upon the current charge structure and forecast volume are as follows:-

TABLE 14 – COMPARISON OF ESTIMATES AND MTFP TARGETS

Service Area	Original Estimate 2014/15	MTFP Target 2015/16	Original Estimate 2015/16	Shortfall or (Excess) over MTFP
	£	£	£	£
City Centre – Pedestrianisation	26,200	27,200	27,200	0
Env Protection	2,400	2,500	2,500	0
Env Protection Act	12,700	15,000	15,000	0
Dog Policy EPA	8,100	7,700	8,400	(700)
Pest Control	32,300	34,700	34,700	0
Food	2,600	2,700	2,700	0
Bereavement Serv's	1,219,600	1,265,100	1,265,100	0
Allotments	14,200	13,400	14,700	(1,300)
Special Collections	37,700	50,800	50,800	0
Sports Pitches	10,000	11,900	13,500	(1,600)
Car Parking	1,049,200	1,418,600	1,104,800	313,800
	2,415,000	2,849,600	2,539,400	310,200
Talkin Tarn Car Park	34,700	36,000	36,000	0
Total	2,449,700	2,885,600	2,575,400	310,200

7.2 The charges highlighted within this report will result in an anticipated level of income of £2,575,400 against the MTFP target of £2,885,600. This represents a shortfall of £310,200 against the MTFP target.

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 8.1 The Executive is asked to agree the charges as set out in the body of the report and relevant appendices with effect from 1st April 2015 noting the impact these will have on income generation as detailed within the report.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Angela Culleton

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Appendices attached to report: Appendices A, B & C

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

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

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

Local Environment –

Resources – The charges proposals outlined in the report will see a shortfall of income against the MTFP target of £310,200 overall. This will be included in the budget process as a pressure on Council resources.

ENVIRONMENTAL HEALTH CHARGES PROPOSALS 2015/16

<u>PEST CONTROL</u> (VAT is not included and is charged at Standard Rate) (Examples of Typical Charges)	<u>Existing Charge</u> <u>2014/15</u>	<u>Proposed Charge</u> <u>2015/16</u>
Standard Farm Contract Service (Duration 12 months)	£320.00	£332.00
Wasps (Domestic)	£38.00	£39.00
Wasps (Commercial)	£74.00	£77.00
Over 65	£20.00	£25.00
Ants (Domestic)	£38.00	£39.00
Ants (Commercial)	£74.00	£77.00
Over 65	£20.00	£25.00
Standard Fleas / Cockroaches (Domestic)	From £38	From £39
Standard Fleas / Cockroaches (Commercial)	£74.00	£77.00
Over 65	£20.00	£25.00
Rats / Mice (Domestic)	Free/£38	Free/£39
Rats and Mice (Commercial)	£74.00	£77.00
<u>FOOD AND SAFETY (Inclusive – VAT not applicable)</u>		
Certification of unsaleable food	£30.00	£31.00
Food Hygiene Training	£50.00	£52.00
Health and Safety Statement of Fact	£51.00	£53.00
Export Certificate	£16.00	£19.00
Cost of EHO's time where applicable (per hour)	£51.00	£53.00
<u>PUBLIC HEALTH AND CLEAN NEIGHBOURHOOD CHARGES (Inclusive – VAT not applicable)</u>		
<u>Fixed Penalty Notice Charges:-</u>		
Dog Fouling Order**	£80.00	£80.00
Dog Fouling Order** – paid within one week of issue	£60.00	£60.00
Fly Posting**	£80.00	£80.00
Fly Posting – paid within one week of issue	£60.00	£60.00
Graffiti**	£80.00	£80.00
Graffiti – paid within one week of issue	£60.00	£60.00
Dogs not on Lead Order**	£80.00	£80.00
Dogs not on lead – paid within one week of issue	£60.00	£60.00
Waste Receptacles**	£80.00	£80.00
Failure to Produce a Waste Transfer Note	NA	£300.00
Environmental Protection Act - Litter	£80.00	£80.00

Environmental Protection Act - Litter – paid within one week of issue	£60.00	£60.00
Environmental Protection Act - Sch 3A- Distribution of Free Printed Material	NA	£80.00
Health Act 2006:-Smoking in Smokefree premises +	£50.00	£50.00
Health Act 2006:-Failure to display 'Smokefree' signage +	£200.00	£200.00
Community Protection Notices**	NA	£100.00
Public Spaces Protection Orders**	NA	£100.00
Public Spaces Protection Orders** – paid within one week of issue	NA	£60.00
<u>MISCELLANEOUS LICENCES (Inclusive – VAT not applicable)</u>		
Acupuncture, Cosmetic Piercing & Tattooing/Skin Colouring*	£96.50.	£100.00
Animal Boarding Establishment	£90.00	£95.00
Dog Breeders	£65.50	£80.00
Pet Shops	£95.50	£100.00
Zoo Licences & Dangerous Wild Animals (+ Vets Fees)	£123.50	£240.00
Dangerous Wild Animals (+ Vets Fees)	£123.50	£150.00
<u>CCTV⁺ AND GENERAL ADMINISTRATIVE COSTS (Inclusive – VAT not applicable)</u>		
CCTV Subject Access Request		£10.00
CCTV other requests (copying cost)		£10.00
<u>PRIVATE WATER⁺ (Inclusive – VAT not applicable)</u>		
Analysis Charges		
Biological only	£15.00	£20.00
Check monitoring	£45.00	£50.00
Audit Monitoring (maximum)	£450.00	£450.00
Sampling Charges		
Sampling (each visit)	£80.00	£83.00
Risk Assessment (Domestic)	£100.00	£100.00
Risk Assessment (Commercial – maximum charge £250.00)	£100.00	£100.00 plus £25.00 ph after 4 hours.
Other investigations (each investigation)	£100.00	£100.00
Granting an authorisation (each authorisation)	£50.00	£50.00

<u>CONTAMINATED LAND (Inclusive – VAT not applicable)</u>		
Contaminated Land Information Request	£50.00 per hour	£50.00 per hour
<u>STRAY DOGS (Inclusive – VAT not applicable)</u>		
Day 1 (£25 fine; £20 collection and administration; £15 kennelling)		£60.00
Day 2		£75.00
Day 3		£90.00
Day 4		£105.00
Day 5		£120.00
Day 6		£135.00
Day 7		£150.00
<u>GENERAL ADMINISTRATION FEES (Inclusive – VAT not applicable)</u>		
Works in default administration costs recovery	£15.00	£16.00
Copying documents	10p per A4 sheet	12p per A4 sheet
<u>MOBILE HOMES ACT 2013⁺ (Inclusive – VAT not applicable)</u>		
Licence Fee- example of typical charge for up to 5 pitches (maximum charge £500.00)	NA	£294.00
Inspection Fee- example of typical charge for up to 5 pitches (maximum charge £250.00)	NA	£105.00
Council hosting of site rules	NA	£50.00

* One-off registration fees.

** The range of penalty charges for these are defined by legislation and range between £50 - £80 or £75 - £80 (waste receptacles) or up to £100 (CPNs and PSPOs)

+ The charges are defined by legislation

PROPOSED LAPPC Charges for 2015/16- (SUBJECT TO FINAL OUTCOME OF DEFRA CONSULTATION) (Inclusive – VAT not applicable)

Type of charge	Type of process	2015/16 Fee		
Application Fee	Standard Process	£1579		
	Additional fee for operating without a permit	£1137		
	Reduced fee activities (except VRs)	£148		
	PVR I & II combined	£246		
	Vehicle refinishers (VRs)	£346		
	Reduced fee activities: Additional fee for operating without a permit	£68		
	Mobile screening and crushing plant	£1579		
	For the third to seventh applications	£943		
	For the eighth and subsequent applications	£477		
Where application is for a combined Part B / waste application, add £297 to the above amounts.				
	Standard process Low	£739 (+£99)*		
	Standard process Medium	£1111(+£149)*		
	Standard process High	£1672 (+£198)*		
	Reduced fee activities Low/Med/High	£76	£151	£227
	PVR I & II combined	£108	£216	£326
	Vehicle refinishers Low/Med/High	£218	£349	£524
	Mobile screening and crushing plant L/M/H	£618	£989	£1484
	for the third to seventh authorisations L/M/H	£368	£590	£884
	eighth and subsequent authorisations L/M/H	£189	£302	£453
	Late Payment Fee	£50	£50	£50
* additional amount in brackets to be charged where a permit is for a combined Part B and waste installation				
Where a Part B installation is subject to reporting under the E-PRTR Regulation, add an extra £99 to the above amounts				
Transfer and Surrender	Standard process transfer	£162		
	Standard process partial transfer	£476		
	New operator at low risk reduced fee activity	£75		
	Surrender: all Part B activities	£0		
	Reduced fee activities: transfer	£0		
Temporary transfer for mobiles	Reduced fee activities: partial transfer	£45		
	First transfer	£51		
	Repeat transfer	£10		
	Repeat following enforcement or warning	£51		

Type of charge	Type of process	2015/16 Fee
Substantial change s10/11	Standard process	£1005
	Standard process where the substantial change results in a new PPC activity	£1579
	Reduced fee activities	£98

Key

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

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

LAPPC mobile plant charges for 2015/16

Number of authorisations	Application fee 2014/15	Subsistence fee 2015/16		
		Low	Med	High
1	£1579	£618	£989	£1484
2	£1579	£618	£989	£1484
3	£943	£368	£590	£884
4	£943	£368	£590	£884
5	£943	£368	£590	£884
6	£943	£368	£590	£884
7	£943	£368	£590	£884
8 and over	£477	£189	£302	£453

LA-IPPC charges for 2015/16

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

Type of charge	Local authority element 2015/16
Application	£3218
Additional fee for operating without a permit	£1137
Annual Subsistence LOW	£1384
Annual Subsistence MEDIUM	£1541
Annual Subsistence HIGH	£2233
Substantial Variation	£1309
Transfer	£225
Partial transfer	£668
Surrender	£668

Key

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

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

Newspaper advertisements

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

Environment Agency Subsistence Fees for Discharge to Controlled Waters 2014/15

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

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

BEREAVEMENT SERVICES CHARGES

Product/Service	2014/15 Charge	2015/16 Proposed Charge
CREMATION - VAT NOT INCLUDED		
Cremation Stillborn/Child up to 1 month	FOC	FOC
Cremation 1 month – 17 years	152.00	157.50
Cremation over 18 years (inc. environmental surcharge of £50, N/A to cremations Stillborn to 17yrs)	690.00	750.00
Cremation Body Parts, Blocks and Slides	73.00	76.00
Additional copies of Cremation Certificates	22.00	24.00
Placement of Cremated Remains in Garden of Remembrance/Woods without an appointment (Per Set)	22.00	24.00
Placement of Cremated Remains in Garden of Remembrance/Woods with an appointment (Per Set)	44.00	46.00
MISCELLANEOUS - VAT NOT INCLUDED		
Use of Chapel of Rest/Chilled Storage 24 hours	16.00	17.50
48 hours	29.00	32.00
72 hours	44.00	45.00
Placing of Cremated Remains from away in Garden of Remembrance/Woods	55.00	60.00
Postage of Cremated Remains (UK)	45.00	48.00
Containers Plastic Urn	17.00	18.00
Metal Urn	26.00	27.50
Casket	39.50	42.00
Baby Urn	6.75	7.00
Others	POA	POA
For Provision of each Bearer at Cremation	17.00	18.00

Product/Service	2014/15 Charge	2015/16 Proposed Charge
Service (minimum of 1 member of Bereavement Services staff plus new bier)		
BURIAL - VAT NOT INCLUDED		
Interment NVF ,Stillborn or Child up to 1 month	FOC	FOC
Interment of child 1 month to 17 years	98.60	100.00
Interment over 18 years	600.00	675.00
Interment of child 1 month to 17 yrs (out of hours: Mon-Sat)	366.60	380.00
Interment over 18 years (out of hours: Mon-Sat)	868.00	900.00
Interment of child 1 month to 17 yrs (out of hours: Sunday)	453.60	470.00
Interment over 18 years (out of hours: Sunday)	935.00	975.00
Interment of child 1 month to 17 yrs (out of hours: Bank Hol)	497.00	515.00
Interment over 18 years (out of hours: Bank Hols)	998.50	1,050.00
Interment of Cremated Remains (Per Set)	195.00	205.00
Interment of Body Parts, Blocks and Slides	54.00	60.00
Purchase of Exclusive Right of Burial		
<i>NB Choice of 2 periods: 30 years and 50 years</i>		
30 Year Term		
Grave used for burial of child up to 18 years	60.00	65.00
Grave used for burial of person over 18	616.50	640.00

Product/Service	2014/15 Charge	2015/16 Proposed Charge
years		
Grave used for burial of Cremated Remains	214.00	225.00
50 Year Term		
Grave used for burial of child up to 18 years	83.00	85.00
Grave used for burial of person over 18 years	1027.50	1075.00
Grave used for burial of Cremated Remains	353.00	375.00
WOODLAND BURIAL		
30 Year Term		
Adult Grave for two burials	484.00	500.00
Adult Grave for one burial	242.00	250.00
Grave for Cremated Remains	242.00	250.00
50 Year Term		
Adult Grave for two burials	803.50	830.00
Adult Grave for one burial	402.00	415.00
Grave for Cremated Remains	402.00	415.00
Recycled Graves		
Adult burial only	599.00	620.00
Erection of Memorial etc		
Placing a Headstone/Monument to cover one grave space	158.00	165.00
Placing a Headstone/Monument to cover two grave spaces	315.50	325.00
Placing a Headstone/Monument to cover three grave spaces	473.50	500.00
Placing an additional inscription or memorial vase	61.00	65.00
Replacement of existing Headstone	76.00	80.00

Product/Service	2014/15 Charge	2015/16 Proposed Charge
USE OF BURIAL CHAPELS - VAT NOT INCLUDED		
Richardson Street	115.00	120.00
Stanwix	115.00	120.00
MISCELLANEOUS - VAT NOT INCLUDED		
Transfer of Grave Rights/Statutory Declaration	35.00	37.50
Re turf graves (<i>at management discretion</i>)	25.00	27.50
Search Records (with date supplied)	FOC	20.00
Search Records (no date/vague date supplied)	22.00	25.00
Seat Maintenance	75.00	80.00
MEMORIALISATION FEES – VAT INCLUDED		
Book of Remembrance		
2 line entry	63.00	65.00
5 line entry	122.50	130.00
5 line entry + Flower Emblem or Badge	174.50	185.00
8 line entry	137.00	145.00
8 line entry + Flower Emblem or Badge	201.00	215.00
Remembrance Cards		
2 line entry	41.50	42.50
5 line entry	69.50	72.00
5 line entry + Flower, Emblem or Badge	128.00	135.00
8 line entry	87.00	90.00
8 line entry + Flower, Emblem or Badge	145.00	150.00
Baby Book of Remembrance		
Per line	9.00	10.00
Motifs	64.00	67.50

Product/Service	2014/15 Charge	2015/16 Proposed Charge
Granite Plaques		
2 lines inscribed	392.00	405.00
3 lines inscribed	439.00	455.00
4/5 lines inscribed	518.00	530.00
Each reserved line inscribed	80.00	85.00
Bronze Plaques		
2 up to 4 lines inscribed	290.50	305.00
Replacement Bronze Plaque	113.00	117.50
Sheepfold Plaque	351.00	360.00
Hardwood Seats (inc. 5 years maintenance)		
Hardwood Seat	1081.00	1100.00
Recording of Cremation Service	50.00	60.00
Heather Garden Memorials		
Sanctum 2000	966.00	1,000.00
Extra letters/figures	5.50	5.75
Replacement Plaque	249.00	260.00
Memorial Vase and Tablet	518.00	535.00
Replacement Plaque	240.00	250.00
New Sanctum 12's	612.50	620.00
Extra letters/figures	5.50	5.75
Flower Vase holder	23.00	25.00
Replacement Plaque	249.00	275.00
New Octagon Planter Plaques	250.00	250.00
Replacement Plaque	100.50	105.00
Mushroom Plaques	235.50	250.00

CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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

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

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

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

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

- Central Government policy objectives

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

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

4. Trading

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

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

5. Value For Money

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

- Has the impact of charging on user groups been monitored?
- Has charging secured improvements in value for money?
- Has charging been used as a tool to reduce increases in Council Tax?

Report to Executive

Agenda
Item:

A.1(b)(iv)

Meeting Date: 10 November 2014
Portfolio: Economy and Enterprise
Key Decision: Yes: Recorded in the Notice Ref:KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: ECONOMIC DEVELOPMENT CHARGES REVIEW
Report of: DIRECTOR OF ECONOMIC DEVELOPMENT
Report Number: ED. 42/14

Purpose / Summary:

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

Recommendations:

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2015, noting the impact these will have on income generation as detailed within the report.

Tracking

Executive:	10 November 2014, 15 December 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP 25/11/14
Council:	

1. BACKGROUND

- 1.1 Each Directorate is required to carry out an annual review of fees and charges.
- 1.2 This report proposes the review of charges within the Economic Development Directorate. The report has been prepared in accordance with the principles approved under the Council's Corporate Charging Policy (this is attached at Appendix 2)
- 1.3 The charges, which have been reviewed, are addressed separately below.

2. CORPORATE CHARGING POLICY 2015/16 TO 2018/19

- 2.1 The Corporate Charging Policy, which is part of the Strategic Financial Framework, was approved by the Executive on 18 August 2014 and Full Council on 9 September 2014 and sets out the City Council's policy for reviewing charges. The principal objective(s) of setting the charge are:
 - Recover cost of service provision;
 - Generate Surplus Income (where permitted);
 - Maintain existing service provision;
 - Fund service improvements or introduction of new service(s);
 - Manage demand for service(s);
 - Promote access to services for low-income households;
 - Promote equity or fairness;
 - Achieve wider strategic policy objectives (e.g. encouraging green policies);
- 2.2 The MTFP currently assumes an income target for the financial year 2015/16 reflecting an increase of 3.8% on 2014/15 base budgets. A 3.8% increase on this base budget would equate to a target increase of £48,800 for recurring 2015/16 budgets (excluding Building Control which is ring-fenced to recover costs).
- 2.3 In addition, the policy recognises that each Directorate is different, and requires Directors to develop specific principles for their particular service or clients groups, but within the parameters of the three main principles.

3. ECONOMIC DEVELOPMENT AND TOURISM

Tourism and City Centre Management

- 3.1 **Ticket & retail sales etc.** - The Tourist Information Centre sells tickets for other organisations across the country. There is some discretion on charging (commission) for smaller, local organisations such as local theatre groups, but there is a standard rate for larger/national organisations such as London theatres, etc. It is considered that there is little scope for increasing charges in this area but a wider range of tickets together with other items such as fishing licences continues to be sold to try to maintain income.
- 3.2 Over the last few years income streams from other activities such as accommodation booking and retail sales have gone down partly because the numbers passing through the TIC have reduced and with more use being made of the internet. Following the refurbishment of the OTH the buying/sales strategy has been revised to stock a higher quality of merchandise with higher margins. Phase 2 of the refurbishment which is due to be finished in July 2015 will provide us with an excellent opportunity to advertise our services and retail goods to passersby on the ground floor level via screens in the new improved access area of the building.
- 3.3 **Assembly Rooms** - Charges for use of the Assembly Rooms are currently set at £64.00, however it is proposed that in 2015/16 they should be increased from £64.00 to £67.00, an increase of 3.8%. As part of the internal refurbishment of the TIC we are exploring other opportunities to increase income including using the Assembly Rooms as a wedding venue. A full review will be carried out during January – March 2015 while we are vacant from the building, exploring all possibilities for the use of the Room. Also a marketing plan will be written on how best to promote the Assembly Room.

Business Development

3.4 Enterprise Centre

Following the review of the Enterprise Centre management of the facility is from the Civic Centre and therefore any income received is now solely derived from the rental and service charge of the occupied units. It is proposed to increase the service charge by 3.8% in line with inflation for 2015/16.

4. PLANNING SERVICES

Development Control Income

- 4.1 Income from planning fees is dependent on both the number of applications received during any one financial year together with the type of application received. Generally, the larger the application, the larger the fee. The City Council has no control over either the number of applications received or the type of application. The planning fees were last increased 2013/14 and there are no further increases proposed at the moment. The Government continues to propose changes to the planning system and has recently consulted on a number of changes to permitted development rights. The proposed changes which are likely to be introduced in 2015 will make more development the subject of prior approval applications rather than full planning permission. The Government has also proposed extending the period of temporary changes already brought in. A consequence of this will be a reduction in income for those proposals of from £213 to £305 per application.
- 4.2 For 2015/16 the income generation target for Development Control has been revised to £723,500. Although there will be fee reductions for some type of applications it is envisaged that this target is a more realistic target. It is anticipated that charges will only achieve £623,500 income for 2015/16, a £100,000 shortfall.

Building Control Income

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

Administration charges for renaming and numbering

Charges for renaming and numbering:

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

5. Local Plan Income

- 5.1 The proposed reduction in the income targets for general sales associated with the Local Plans team reflects that analysis of preceding years' data supports such targets are not realistic and therefore unlikely to be achieved. This reflects that opportunities to generate income are limited by the need to make supporting technical studies freely available where possible through the City Council's website. Accordingly the income target has been reduced.

HOUSING

6. DFG's

- 6.1 Carlisle City Council currently charges fees for its core Disabled Facilities Grant (DFG) service to meet the revenue costs of delivering the service. The fees are currently set at 12.5% and 15% (extensions) on the total cost of all of the works.
- 6.2 The DFG legislation, allows applicants to receive grant funding for preliminary and ancillary services they require in connection with their application for a DFG. The technical service the Private Sector Housing Team currently delivers, assists applicants through the adaptations process, allowing their application for grant funding to be completed in a timely manner and ensuring the works undertaken meet the standard required by the Council for a DFG payment to be made.
- 6.3 The review of the charges has been undertaken this year on all the licensing and charges within the Private Sector Housing service. The need to reconsider all the charges is based on legal advice following a precedent set in the R Hemming v Westminster City Council, case, in which local authority licensing fees and charging came under scrutiny.
- 6.4 The new fee charging structure is now based on the current cost of officer time and the officer time taken related to each task associated with guiding the applicant through the DFG process from initial referral to the payment of the contractor. The charge also relates to the particular type of adaption and includes an appropriate recharge where the officer time spent is through the Home Improvement Agency. A summary of the proposed charges are below.

Type of adaptation	Flat Fee (exact cost)	Charged Fee
Level Access Shower	£526.70	£527
Overbath Showers	£390.41	£390
Ramps	£526.70	£527
Stairlifts	£390.41	£390
Door Widening	£526.70	£527
Major adaptations, e.g. extensions, garage conversions	£1115.67	£1116
Smaller adaptations, e.g. mobility kitcehn	£444.44	£444
Fee payable to Homelife (heating schemes)	£236.34	£236
Stair lift recycling scheme fee to Homelife	£346.06	£346

- 6.5 The effect of taking a charge is to convert what is a capital grant to revenue. There is a need to review the MTFP for DFGs to reflect the income accurately as part of a review in 2015/16. As in previous years, the MTFP target for fees has not accurately reflected the actual income. This is a recurring problem that has arisen for a number of reasons. The Council did go through a period where the income generated on L.A. fees was greater, due to the fact that the Council used funding from the Regional Housing grant to increase the capital DFG funding and also to provide Renovation and Minor Work grants, and contributions were also received from Riverside. The Regional Housing grant is no longer available and Riverside are now carrying out all but the largest Disabled Facility works on their properties rather than paying a contribution to the Council. There was an expectation that this additional funding would be permanent so the budgeted income was steadily increased on a recurring basis and used to fund staff posts and other expenditure.
- 6.6 In addition to the factors mentioned in 4.5, the change in fees is likely have an impact on the previous projections based on a set percentage, as it will depend upon the type of adaptation being undertaken. Based on a review of the type of adaptations completed in 2013/14 and the volume and type of adaptations approved in the current financial year, projected fee income from Disabled Facilities Grants in 2014/15 is £63,244.
- 6.7 In previous years, the City Council has allocated £200,000 from its own resources to top up DFG funding. The total funding for DFG's is £863,000. This proposed level of funding increases the potential for additional fees, provided that the

adaptations are carried out. As we are unable to forecast the volume and type of adaptations, it is assumed that income from fees and charges will not increase significantly above £63,244 (and may in fact be less).

- 6.8 The DFG grant, the Council's proposed contribution, projected fee income and are set out for 2015/16 as follows:

Government Grant	£663,000
Proposed Council Contribution	£200,000
Approximate fee generation on new charges	£63,244.
MTFP budgeted income, based on old charges and historic figures	£123,800
Maximum income achievable	£63,244
Shortfall	£60,555

7. The Licensing of House in Multiple Occupation

- 7.1 The Housing Act 2004 places a duty on Local Authorities to Licence certain types of Houses in Multiple Occupation (HMO). Councils are permitted to charge for their administration costs in connection with granting or refusing an HMO licence to a landlord. The review has taken into account the introduction of formal procedures under a new private sector housing team, the implementation of CIVICA and the implementation of an updated enforcement policy in early 2014. The review also accounts for the larger HMO developments which require more officer time, resulting in an increase in the maximum charge.

- 7.2 The table below outlines the proposed charges for 2015/2016

Cost of a new HMO licence (per 8 letting units)	£447
Cost of renewal of an HMO licence (per 8 letting units)	£276
Cost of every additional unit above 8	£8.75
Maximum licence fee	£800
Discount to NLA accredited landlords	10%
Additional increases in licence fees, if	£26.26 Per letter

follow up correspondence is required to chase an application	
---	--

7.3 The projected income for HMO licence fees for 2015/2016 is set out below

	Number of applications	Income
Projected number of new licence applications in a year	5	£2235
Forecast of renewals	7	£1932 basic cost £105 at 12 additional units Total £2037
Expected discounts on licence fees	1 at renewal cost	£27.60
Expected income generation 2015/2016		£4272 – discount £4244.40

8. Immigration Inspections

- 8.1 Immigration inspections are carried out on behalf of the residents of Carlisle City Council who are applying for permission for family members to come and live in the district, who are currently living abroad. 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.
- 8.2 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.
- 8.3 After an application is received then at present the Council aims to inspect the property within 10 working days
- 8.4 The review to the application for immigration inspections has taken into account the introduction of formal procedures under a new private sector housing team, the implementation of CIVICA and the advice given to the Council by the Home Office.

8.5 The table below outlines the proposed charges for 2015/2016

Proposed cost of application	£105
Option to fast track application and inspect within 5 working days	£125
Expected income generation 2015/2016	£525 (5 visits)
Income generation 2014/15	£0 estimate, actual year to date £260
Income/Shortfall	£525 based on estimate

9. Charging for enforcement

The Council charges owners of properties if enforcement action is required under the Housing Act 2004. The system of charging based on officer time will remain the same, but the hourly cost is updated inline with current rates, this rate is calculated to reflect the previous period in 2014/2015. The current rate of Technical Officer time is £52.52, however as these are prevailing rates they are subject to change annually. Since the introduction of the charging system, there has been very limited income generation so no income generation is included. Enforcement is always a last resort and most complaints are dealt with by advice and education rather than enforcement.

10. HOSTEL SERVICES

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

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

It is proposed to increase hostel charges by 1.5% as these reflect the costs of the services in line with current inflation. Revisions to the charges will also require discussion and approval from the Revenues and Benefits Service. The personal charge is not eligible for Housing Benefit.

2015/16 PROPOSED HOSTEL CHARGES (from 1st April 2015)

PROJECT		Proposed Charge from 1 April 2015	Current charge
WATER STREET FAMILY RATE		£	£
	Total Charge	£299.53	£295.14
	Personal Charge	£18.83	
WATER STREET SINGLE RATE			
	Total Charge	£257.11	£253.29
	Personal Charge	£15.54	
JOHN STREET			
28 Units	Total Charge	£294.21	£ 289.84
28 Units	Personal Charge	£13.37	
HOMESHARES FAMILY RATE			
7 Units	Total Charge	£326.06	£321.22
7 Units	Personal Charge	£ 19.39	
HOMESHARES SINGLE RATE			
4 Units	Total Charge	£298.83	£ 294.41
4 Units	Personal Charge	£ 14.14	

11. SUMMARY OF INCOME GENERATED

The introduction of the charges proposed is forecast to generate income of £1,236,900 which is summarised in the table below:

Service Area	Original Estimate 2014/15 £	MTFP Target 2015/16 £	Original Estimate 2015/16 £	Shortfall or (Excess) over MTFP £
Enterprise Centre Service Charges only	20,300	21,100	21,100	0
Assembly Rooms	2,300	2,400	2,400	0
Development Control: Determinations	1,100	1,100	1,100	0
Local Plans	2,000	2,100	1,000	1,100
Development Control Fees	566,500	723,500	623,500	100,000
Housing - DFG	123,800	123,800	63,200	60,600
Housing – HMO Licences	400	400	400	-
Housing – Immigration Inspections	-	-	-	-
Hostels	516,500	407,800	524,200	(116,400)
TOTAL	1,232,900	1,282,200	1,236,900	45,300

The acceptance of the charges highlighted within this report, with the exception of Building Control which is self financing, will result in an anticipated level of income of £1,236,900 against the MTFP target of £1,282,200.

12. CONSULTATION

12.1 Consultation to Date -

None.

12.2 Consultation Proposed -

Overview and Scrutiny as part of the budget process.

13. CONCLUSIONS AND REASONS FOR RECOMMENDATIONS

The Executive is asked to agree the charges as set out in the relevant Appendices with effect from 1st April 2015, noting the impact these will have on income generation as detailed within the report.

14. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Jane Meek

Ext: 7190

**Appendices
attached to report:**

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Deputy Chief Executive –

Economic Development –

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

Local Environment –

Resources – The charges and income proposals outlined in this report will see a net shortfall in income for Economic Development Directorate of £45,300 and this will be included in the budget process as a net pressure.

APPENDIX 1

PLANNING SERVICES

Miscellaneous Charges - from Building Control, Development Control, Local Plans & Conservation

General Charges – All Sections

Fee Description	14/15 Charge £	15/16 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		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		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		0%
Supply of documents by fax -per page (in addition To charges for supply)	£1.43 (inc VAT)	£1.43 (inc VAT)		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		0%

Additional Charges – Building Control

Fee Description	14/15 Charge £	15/16 Charge £	Implementation Date	% Inc
Supply of Radar Keys *	3.00	3.00	06/10/08	0%

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

Additional Charges – Local Plans

Fee Description	14/15 Charge £	15/16 Charge £	Postage £	Implementation Date	% Inc
Tree Preservation Orders (inc. maps)	10p per page (no charge for postage)	10p per page (no charge for postage)	0	08/09/08	0%
High Hedges submission fee *	200.00	375.00	0	01/04/15	87.5%
Adopted Carlisle District Local Plan 2001-16 (2008)	45.00	47.00	4.50	01/04/15	4.7%
Adopted Carlisle District Local Plan 2001-16 (2008) – Policies Map	25.00	25.00	3.00	01/04/15	0%
** Emerging Carlisle District Local Plan 2015 – 2030 (Publication Draft – inclusive of policies map)	--	60.00*	4.50	01/04/15	0%
Cumbria Wind Energy SPD (Sept 2008)	15.00	15.00	Inc	01/04/09	0% ***
Cumbria Wind Energy SPD supporting documents (Sept 2008)	7.50	7.50	Inc	01/04/10	0% ***
Cumbria Wind Energy SPD and docs – CD (Sept 2008)	10.00		Inc	01/04/09	0%

- * The proposed increase in fees in relation to responding to High Hedge complaints has been increased to cover the true costs associated with doing so. Robust local evidence supports that the average cost to the Council is £375 and the fees have therefore been amended accordingly. Such an approach is entirely in keeping with governing guidance on this matter.**
- ** Cost of emerging Local Plan (inclusive of Policies Map) yet to be confirmed – charging intention would be to recover full costs.**
- *** Price increase in line with Cumbria County Council charge (who have joint ownership of document with Carlisle City Council)**

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 publically 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).

ECONOMIC DEVELOPMENT

CARLISLE ENTERPRISE CENTRE

	<u>Charge 2014</u> £	<u>Implementation</u> Date	<u>Charge 2015</u> £	<u>Implementation</u> Date
Charges to Tenants:				
Total Monthly Service Charge ¹	52.00		54.00	
Total Monthly Service Charge [2 nd workspace]	30.82	01/04/14	32.00	01/04/15
Millennium Suite	623 (per annum)		647 (per annum)	

OLD TOWN HALL VISITOR CENTRE

	<u>Charge 2014</u> <u>£</u>	<u>Implementation</u> <u>Date</u>	<u>Charge 2015</u> <u>£</u>	<u>Implementation</u> <u>Date</u>
Assembly Room Hire				
Charges per session as follows:				
Mornings 9.30 – 1.00	64.00	01/04/2013	67.00	Increase 3.8% 01/04/2015
Afternoons 1.30 – 5.00	64.00		67.00	
Mornings & Afternoons 9.30 – 5.00	129.00		134.00	
Evenings 6.30 – 10.00	64.00		67.00	
Afternoons & Evenings 1.30 – 10.00	129.00		134.00	
Each additional hour	24.00		25.00	
Charge for use of - kitchen	24.00		25.00	
N.B. For uses by the following groups and organisations discounts of 50% for Mornings/Afternoons, 37.5% for Evenings and 50% for double sessions including Evenings will be allowed:				
i. Registered Charities				
ii. OAP Groups				
iii. Other community groups e.g. community organisations, unemployed groups, etc.				

1

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

APPENDIX 2

CORPORATE CHARGING POLICY 2014/15 TO 2018/19

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

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

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

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

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

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

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

- Persons over the age of 65
- Unemployed

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

4. Trading

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

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

5 Value For Money

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

Report to Executive

Agenda
Item:

A.1(b)(v)

Meeting Date: 10 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: No
Within Policy and Budget Framework NO
Public / Private Public

Title: REVIEW OF CHARGES 2015/16 - LICENSING
Report of: Director of Governance
Report Number: GD 50/14

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 49/14.

Recommendations:

The Executive is asked to note the charges that will be submitted for consideration by the Regulatory Panel on 12 November 2014. The fees under the Scrap Metal Dealers Act 2013 were determined by the Executive for a three year period in November 2013 and do not need to be considered by them until 2016.

Tracking

Executive:	10 November 2014, 15 December 2014
Regulatory Panel:	12 November 2014
Overview and Scrutiny:	ROSP 2/12/14; EEOSP 27/11/14; COSP25/11/14
Council:	

Report to Regulatory Panel

Agenda
Item:

Meeting Date: 12 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: Not Applicable:
Within Policy and
Budget Framework NO
Public / Private Public

Title: REVIEW OF CHARGES 2015/16 - LICENSING
Report of: Director of Governance
Report Number: GD 49/14

Purpose / Summary:

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

Recommendations:

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B', with the exception of the Scrap Metal Act fees which have been determined by the Executive.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	

CITY OF CARLISLE

To: The Members of the Regulatory Panel on 12 November 2014

REVIEW OF CHARGES 2015/16 **GOVERNANCE DIRECTORATE - LICENSING**

1. BACKGROUND

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

2. CORPORATE CHARGING POLICY 2015

- 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. Licence fees cannot include an element of enforcement against unlicensed operators. The case of *Hemming v Westminster City Council* 2013 confirms this (See Para. 3).
- 2.3 It is Council policy to maximise charges to maintain full cost recovery wherever possible, and this should be the case when setting charges. In the case of licensing we are currently operating at an income level that is achieving full cost recovery.
- 2.4 Recognition should be made of the risk that licensing income levels can be subject to market forces outwith the Council's overall control, including new responsibilities and the repeal of other legislation. In previous years, shortfalls in income projections for certain services were encountered. This reinforces the message that any practice of simple annual increments in charges in line with the rate of inflation is inappropriate, as is a copycat approach that simply compares prices with other authorities, without taking into account other local factors, demand, and the achievement of Council priorities. The full range of factors identified in the guidance must be taken into account when setting charges, with the overall aim of achieving target income levels to achieve the full cost recovery of the administration, inspection and compliance with the licensing function..

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

3. HEMMING v WESTMINSTER CITY COUNCIL 2013

- 3.1 This case impacts on the costs that councils can recover through locally set licence fees and processes councils have in place to ensure fee setting is transparent and open to scrutiny. The original Administrative Court ruling was given in May 2012, but this was subject to appeal and it is the Court of Appeal judgement made on 24 May 2013 that has been established as the leading law on what costs can be taken into account when setting local licensing fees.
- 3.2 The key issue addressed was whether the licence fees set by Westminster City Council in respect of a particular type of licence, complied with the requirements of the European Services Directive 2009. The Services Directive makes it clear that licence fees covered by the Directive can only be used to recover costs as part of the authorisation process and should not be used to make a profit or deter service providers from entering the market.
- 3.3 The Court of Appeal specifically considered whether the cost of investigating and prosecuting those who operate without a licence, can be recovered through the licence fee paid by those operating legitimately. The court upheld the earlier decision of the Administrative Court, ruling that the fees set must not exceed the costs of administering the process. As such, the council is no longer able to include the cost of enforcement against unlicensed operators when setting the licence fee.
- 3.4 Whilst this particular judgement was made with regard to one particular type of licence, it is accepted that the ruling would apply to all licensing functions covered by the Services Directive.

4. LICENCES

4.1 Introduction

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

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

The licensing budget has been directly affected by the Council's responsibilities under the Licensing Act 2003. The Government has identified that the administration of the legislation will be self funded through the scale of charges, which have been set nationally. There remains the potential for the administration to require financial support from the Council should the nationally set fees fail to meet the operating costs of the licensing service. The Government set up an Independent Fees Review Panel in 2006,

to enquire into the new fee structure to establish if it is sufficiently robust to provide the level of income required to administer the licensing function. The result of this review has been published, and the result is the Police Reform and Social Responsibility Act 2011. Section 121 amends the Licensing Act 2003 to give Local Authorities the power to set fees under the Act. This amendment will, however, be brought in by regulations which have yet to be published.

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

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

A review of the remaining charges (excluding Licensing Act 2003, Gambling Act 2005 and Sex Establishments) has identified that an increase is required in 2015/16 to keep pace with inflationary costs. This will not compromise the Council's position as a fair charging authority and should achieve full cost recovery.

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

4.2 Licensing Act 2003

4.2.1 Premises Licences & Club Premises Certificates

The total number of premises and club certificates currently licensed is 505 (509-2013/14). 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 2015/16. Educational, church and community premises that apply for an entertainment only premises licence are exempt from the licence fee and we currently license 24 such premises.

The fee structure is fixed by central government and is based upon five non-domestic rateable value bands. The number of licences issued appears to have reached a plateau. There is no change in the fee structure, although an Independent Licensing Fees Review Panel has reported on this and we are waiting for the Government to publish legislation. Based upon the current number of licences issued, it is estimated that there will be an income of £102,000 in 2015/16, as set out in the fee bands at Appendix A.

4.2.2 Personal Licences

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

We currently have a total of 1486 personal licences issued (116 – 2013/14). The personal licence lasts for 10 years and the one off fee of £37 is determined by central government.

During the first year of licensing 443 personal licences were issued by this authority. They are all due to be renewed during 2015/16. The Government has yet to publish Regulations regarding the renewal process or the fee, so there is potential for additional income.

Based upon the current numbers of applications, it is estimated that there will be approximately 110 applications per year. This will generate an estimated income of £4,000 in 2015/16.

4.3 Vehicle and Driving Licences

4.3.1 Hackney Carriages

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

In 2007 the application criteria for licensing hackney carriages was amended by the Regulatory Panel. With effect from 1st August 2007, all new licences issued will be for wheelchair accessible vehicles only. There has been a slight reduction in the number of licensed vehicles in the last 18 months.

Traditionally this Council has charged a lower fee for wheelchair accessible vehicles to encourage proprietors to purchase this type of vehicle. This is no longer necessary due to the decision of 1st August 2007 and the decision in the Hemming case. It was agreed in the 2009/10 budget process that we gradually bring the two fees closer together over the next few years. I would propose an increase of 1% to the charge for non wheelchair vehicles and the charge for wheelchair accessible vehicles be increased by 5.4% this year. This increase should maintain the current level of income and will be repeated next year to bring the fees in line.

The fees for drivers and vehicles, which aim to generate income of £76,200 in 2015/16, are set out in Appendix A.

4.3.2 Private Hire Vehicles

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

plates are as for Hackney Carriages. There has been a slight increase in the number of licensed private hire vehicles in the last 18 months.

The fees for drivers, vehicles and operators, which aim to generate income of £27,000 in 2015/16, are set out in Appendix A.

4.4 Sex Establishment

The City Council has issued two sex establishment licences. A reduced fee structure was introduced in 2009/10 as a result of a national campaign by the trade and the recognition that the licence fee had risen dramatically since first being set in 1990. The fee for this licence was the subject of the Court of Appeal case *Hemming v Westminster* reported at para. 3 earlier in this report. Our previous fee included a considerable percentage for enforcing unlicensed operators, therefore as a result of the case, we can no longer include this element. The suggested charge aims to generate income of £3,800 in 2015/16, as set out in Appendix A.

4.5 Auctioneers

We only have one premise which requires licensed auctioneers. The suggested charge aims to generate income of £600 in 2015/16, as set out in Appendix A.

4.6 Pleasure Boats & Boatmen

The number of pleasure boats and boatmen has remained static in recent years. The suggested charge aims to generate income of £400 in 2015/16, as set out in Appendix A.

4.7 Scrap Metal Dealers

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

The current fee was set by the Executive in September 2013 for a period of three years and will be reviewed in 2016. Income is dependant upon new applications only, however as a result of enforcement by Police and Licensing additional applications are expected.

The current charge expects to generate income of £1,000 in 2015/16, as set out in Appendix A.

4.8 Gambling Act 2005

Lottery Licences

The fee for lottery registrations is determined by central government and is at present £40 and the renewal fee is £20.00; these charges were last increased in September 2007. There has been a decrease in the number of applications received over recent years and the current level is expected to be maintained. The current fee should generate approximately £3,800 in 2015/16, is set out in Appendix A.

Gambling Premises and Machine Permits

The fee bands are set by central government and the Licensing Committee set their own fees within these limits, based upon full cost recovery of providing the licensing service. These fees were determined on 4th April 2007 by this committee and we continue to recover the full cost of providing the service and no change is recommended. There has been a slight reduction in the number of licensed premises in the last 18 months.

At the current level of fees, an estimated income of £14,000 will be received during 2015/16, which is set out in Appendix B.

4.9 Street Trading

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

The fee for a street trading permit, which aims to generate income of £3,000 in 2015/16, is set out in Appendix A.

4.10 Riding Establishments

The number of riding establishments has decreased in recent years.

The revised fee for these establishments, which aim to generate income of £400 in 2015/16, is set out in Appendix A.

5 SUMMARY OF INCOME GENERATED

- 5.1 The introduction of the charges proposed is an estimate (based upon the current and estimated number of licences) to generate income of £236,200 in 2015/16 which is summarised in the table below:

Service Area	Revised Budget 2014/15 £	MTFP Target 2015/16 £	Original Estimate 2015/16 £	Shortfall or (Excess) over MTFP £	
Licensing Act 2003 - Premises	102,000	105,900	102,000	3,900	*
Licensing Act 2003 - Personal	4,000	5,200	4,000	1,200	*
Hackney Carriage (1)	76,200	75,200	76,200	(1,000)	
Private Hire (1)	17,900	17,700	27,000	(9,300)	
Sex Establishment	6,300	6,500	3,800	2,700	
Auctioneers	600	600	600	0	
Pleasure Boats	400	400	400	0	
Scrap Metal (New)	0	0	1,000	(1,000)	
Gambling Act 2005 – Lotteries	4,700	5,000	3,800	1,200	*
Gambling Act 2005 – Premises and Gaming Machines	17,000	17,700	14,000	3,700	*
Street Trading	2,900	2,900	3,000	(100)	
Riding Establishments	400	400	400	0	
Total	232,400	237,500	236,200	1,300	

* Fixed fees

(1) there are additional costs associated with increased taxi testing and a budget pressure of £6,700 has been included in the revenue budget considered elsewhere on the agenda.

6 CONSULTATION

- 6.1 Consultation to Date -
None

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

7 RECOMMENDATIONS

The Regulatory Panel is asked to agree the charges as set out in Appendices 'A' and 'B' with effect from 1st February 2015, with the exception of the Scrap Metal Act fees which were determined by the Executive and became effective from 1st December 2013.

8 REASONS FOR RECOMMENDATIONS

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

Contact Officer: Jim Messenger

Ext: 7025

Appendices None
attached to report:

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – N/A

Community Engagement – N/A

Economic Development – N/A

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

Local Environment – N/A

Resources – The introduction of the charges suggested above is forecast to produce the receipts outlined in table 4.1 in a full year of £236,200 (although there is no guarantee that all licences will be renewed in 2014/15). This will create a pressure of £1,300 income against the MTFP target of £237,500. An additional expenditure pressure of £6,700 is also required due to additional costs associated with income generation from taxi testing.

The majority of the sources of income are set nationally and therefore not under the Council's control to increase. Nationally, fees under the Licensing Act 2003 have been subject to review by an Independent Licensing Fees Review Panel. The Police Reform and Social Responsibility Act 2011 section 121 amends the Licensing Act 2003, to give Local Authorities the power to set fees under the Act. This amendment will, however, be brought in by regulations which have yet to be published.

Prepared by: J A Messenger, Licensing Manager

Appendix 'A'

LICENSING

	<u>Current charge</u> £	<u>Suggested Charge</u> from 1/2/2015 £	<u>Implementation Date</u>
1 (A) <u>Licences - Licensing Act 2003</u>			
<u>Premises</u> +			
(Based on non-domestic RV)			
Band A	70.00	70.00	24.11.05
Band B	180.00	180.00	24.11.05
Band C	295.00	295.00	24.11.05
Band D	320.00	320.00	24.11.05
Band E	350.00	350.00	24.11.05
<u>Personal</u> +			
Personal Licence	37.00	37.00	24.11.05

+ These Charges are currently set by the Home Office

(B) Licences - Public Transport**Vehicles****Hackney Carriages**

Hackney Carriage:	New	218.00	220.00	1.02.15
	Renewal	185.00	187.00	1.02.15
Hackney Carriage (whchair):	New	185.00	195.00	1.02.15
	Renewal	150.00	160.00	1.02.15
Hackney Carriage:				
*Driver	New	85.00	88.00	1.02.15
	Renewal	64.00	66.00	1.02.15
#Test Fee		48.00	48.00	1.02.13
#Re-test Fee		35.00	35.00	1.02.13
Certificate of Compliance		8.00	8.00	1.02.11
Plate Deposit		25.00	25.00	1.02.05
Transfer of Licence/Change Vehicle		25.00	25.00	1.02.14
Duplicate Items		10.50	10.50	1.02.14
New Identity Card		10.50	10.50	1.02.14
New Licence Plate		12.00	12.00	1.02.12

Private Hire Vehicles

Private Hire Vehicle:	New	178.00	185.00	1.02.15
	Renewal	146.00	152.00	1.02.15
*Private Hire Vehicle Driver:	New	85.00	88.00	1.02.15
	Renewal	64.00	66.00	1.02.15
Private Hire Operators:				
1-5 vehicles		130.00	135.00	1.02.15
6-10 vehicles		195.00	203.00	1.02.15
11-20 vehicles		360.00	375.00	1.02.15
21-30 vehicles		415.00	432.00	1.02.15
Private Hire Vehicle:				
#Test Fee		48.00	48.00	1.02.13
#Re-test Fee		35.00	35.00	1.02.13
Certificate of Compliance		8.00	8.00	1.02.11
Plate Deposit		25.00	25.00	1.02.05
Transfer of Licence/Change Vehicle		25.00	25.00	1.02.14
Duplicate Items		10.50	10.50	1.02.14
New Identity Card		10.50	10.50	1.02.14
New Licence Plate		12.00	12.00	1.02.12

*Inclusive of identity card

Subject to increases in fees from Resources (Facilities) being passed on.

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

Auctioneers		40.00	41.00	1.02.15
Riding Establishments (plus Vets Fee)		94.00	97.00	1.02.15
Sex Establishments	New	2500.00	2500.00	1.02.14
	Renewal	1900.00	1900.00	1.02.14
	Variation	250.00	250.00	1.02.14
	Transfer	125.00	125.00	1.02.14
Street Traders		97.00	102.00	1.02.15
Street Traders (Occasional)		30.00	30.00	1.02.07
Plate Deposit		25.00	25.00	1.02.05
New Permit Plate		12.00	12.00	1.02.14
Scrap Metal Dealers (3 year licence - charge effective from 1/12/13)				
Collector: New		240.00	240.00	01.12.13
	Renewal	240.00	240.00	01.12.13
	Vary name/addr:	30.00	30.00	01.12.13
Site: New		400.00	400.00	01.12.13
	Renewal	400.00	400.00	01.12.13
	Vary name	30.00	30.00	01.12.13
	Vary Site Manager	50.00	50.00	01.12.13
	Vary Site/Collector or add site	100.00	100.00	01.12.13
Boats		42.00	44.00	1.02.15
Boatman		20.00	21.00	1.02.15
Miscellaneous duplicate items		10.50	10.50	1.02.14

(D) Licences - Gambling Act 2005

Premises

(Based on fee bands set by DCMS and determined by Licensing Committee)

See Appendix 'B' for Gambling Premises fees

Gambling Act 2005 Premises Licence Fee Structure

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

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

Report to Executive

Agenda
Item:

A.1(c)

Meeting Date: 10 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: REVISED CAPITAL PROGRAMME 2014/15 AND PROVISIONAL CAPITAL PROGRAMME 2015/16 TO 2019/20
Report of: DIRECTOR OF RESOURCES
Report Number: RD38/14

Purpose / Summary:

The report details the revised capital programme for 2014/15 together with the proposed method of financing as set out in Appendices A and B.

The report also summarises the proposed programme for 2015/16 to 2019/20 in the light of new capital pressures identified, and summarises the estimated capital resources available to fund the programme.

Recommendations:

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2014/15 as set out in Appendices A and B;
- (ii) Approve the reprofiling of £1,800,000 from 2014/15 to 2015/16, for recommendation to Council;
- (iii) Give initial consideration and views on the capital spending requests for 2015/16 to 2019/20 contained in this report in light of the estimated available resources;
- (iv) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

Tracking

Executive:	10 November 2014, 8 December 2014
Overview and Scrutiny:	ROSP 2/12/14, EEOSP 25/11/14, COSP 27/11/14
Council:	3 February 2015 (Budget Resolution)

1. BACKGROUND

- 1.1 This report details the revised capital programme for 2014/15 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 2015/16 to 2019/20, 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 9 September 2014:
 - Capital Strategy 2015-16 to 2019-20 (Report RD19/14)
 - Asset Management Plan (Report GD35/14)
- 1.4 A Corporate Programme Board of senior officers continues to take the lead on the prioritisation of investment and the monitoring and evaluation of schemes. This is to improve performance monitoring and business case analysis of capital projects.

2. CAPITAL RESOURCES

- 2.1 There are several sources of capital resources available to the Council to fund capital expenditure, the main ones being:
 - Borrowing (Prudential Code - see paragraph 5.2)
 - Capital Grants e.g. DFG, specific capital grants
 - Capital Receipts e.g. proceeds from the sale of assets
 - Council Reserves e.g. Projects Reserve
- 2.2 In accordance with the Capital Strategy, the Director of Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources.
- 2.3 It should be noted that capital resources can only be used to fund capital expenditure and cannot (with the exception of the Council's own Reserves), be used to fund revenue expenditure. There are strict definitions of what constitutes capital expenditure.
- 2.4 It should also be noted that the resources available to support the capital programme can only be estimated during the year. The final position is dependent in particular on how successful the Council has been in achieving Capital Receipts

from the sale of assets against its target i.e. the more capital receipts generated, the less is required to be taken from Borrowing and Council Reserves (and vice versa).

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

3. REVISED CAPITAL PROGRAMME 2014/15

- 3.1 The capital programme for 2014/15 totalling £9,716,100 was approved by Council on 15 July 2014 as detailed in the 2013/14 out-turn report (RD08/14).
- 3.2 The revised capital programme for 2014/15 now totals £7,926,100 as detailed in **Appendix A**.
- 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 2014/15 is shown below:

Summary Programme	£	Appx
2014/15 Original Capital Programme	9,716,100	A
Other adjustments	10,000	
Reprofiling (result of review of programme)	(1,800,000)	
Revised Capital Programme (Sept 2014)	7,926,100	A
Estimated Capital Resources available	(10,024,716)	B
Projected (Surplus) capital resources	(2,098,616)	

- 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 (RD35/14). That report also highlighted an underspend against the annual budget of £105,000 and slippage/reprofiling of £1,800,000 has been identified.

4. NEW CAPITAL SPENDING PROPOSALS 2015/16 TO 2019/20

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

Capital Scheme	App/ Para	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Current Commitments:						
Vehicles & Plant	4.3	1,109	1,221	1,113	383	265
Planned Enhancements to Council Property	4.4	150	150	150	150	150
Asset Review	4.5	1,800	0	0	0	0
Disabled Facilities Grants	4.6	863	863	863	863	863
Harraby School and Community Campus Capital Contribution	4.7	500	0	0	0	0
Old Town Hall Phase 2	4.8	390	0	0	0	0
Leisure Facilities	4.9	0	0	0	5,000	0
ICT Shared Service	4.10	100	100	100	100	0
Total Existing Commitments		4,912	2,334	2,226	6,496	1,278
TOTAL POTENTIAL PROGRAMME		4,912	2,334	2,226	6,496	1,278

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

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

- 4.3 The anticipated budgets for replacement of the Council's vehicle fleet are included in the table above and have been amended to reflect revised requirements within service areas.
- 4.4 The allocation for planned enhancements to council properties have been revised downwards from £300,000 to £150,000 for 2015/16 onwards.
- 4.5 Provision for expenditure in accordance with the Asset Management Plan reprofiled from 2014/15.

- 4.6 Council funding of £200,000 per annum is included on top of the DFG grant received from Central Government. The proposed programme assumes the grant of £663,000 will continue.
- 4.7 The final contribution to the Harraby School Community Campus is scheduled for 2015/16.
- 4.8 The work to complete the phase two project at the Old Town Hall is scheduled to be completed in 2015/16.
- 4.9 Capital expenditure for enhancement work to Leisure Facilities has been re-profiled from 2015/16 to 2018/19 to reflect the timeline in relation to contract end dates.
- 4.10 The provision for ICT replacement has been reduced from £197,000 to £100,000 from 2015/16 in line with available resources.

5. POTENTIAL CAPITAL RESOURCES AVAILABLE

- 5.1 The table below sets out the estimated revised resources available to finance the capital programme for 2015/16 to 2019/20 based on the announcements by Government in the spending review.

Source of Funding	Para	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Capital Grants:						
• Disabled Facilities Grant	5.3	(663)	(663)	(663)	(663)	(663)
External Borrowing	5.4	0	0	0	(5,000)	0
Capital Receipts:						
• Generated in year – General	5.5	(260)	(260)	(260)	(260)	(260)
• Generated in year – Asset Business Plan	5.6	(4,539)	0	0	0	0
• Generated in year – PRTB	5.7	(150)	(150)	(150)	0	0
Direct Revenue Financing / Invest to Save	5.8	(101)	(66)	(66)	(34)	(2)
TOTAL		(5,713)	(1,139)	(1,139)	(5,957)	(925)

- 5.2 The Prudential Code, which was introduced in 2004, gives authorities freedom to borrow to fund capital schemes subject to the over-riding principles of Affordability, Prudence and Sustainability. Whilst the new freedoms could significantly impact on the capital resources available to the Authority, the principles referred to in effect mean that the Council is limited by the ongoing cost of any borrowing (i.e. the cost

of prudential borrowing falls to be met from the General Fund recurring expenditure). The Prudential Code requires authorities to develop their own programmes for investment in fixed assets, based upon what the authority and local taxpayers can afford, and subject to a full Business Case and Options appraisal process. Further details on the Code can be found elsewhere on the agenda in the Treasury Management Report (RD36/14).

- 5.3 Disabled facilities grant allocation will not be announced until January 2015, although it has been assumed that this grant will be protected at the 2014/15 levels. A further report will be presented to the Executive once the 2015/16 allocation has been received.
- 5.4 External borrowing to fund Leisure facility enhancement work. This has been re-profiled in line with anticipated contract end dates.
- 5.5 Capital receipts from the sale of fixed assets, including the sale of the Council's interest in land on the Raffles estate and other specific asset disposals including those raised through disposal of vehicles as part of the replacement programme.
- 5.6 Capital receipts from the sale of Assets as part of the Asset Management Plan have been reprofiled between years to reflect sales and purchase activity to date.
- 5.7 The Preserved Right to Buy (PRTB) sharing arrangement with Riverside Group is for a fifteen year period with the Council being entitled to a pre-agreed reducing percentage of the receipts. Right to Buy sales are predicted to be in line with the original projections.
- 5.8 Direct revenue financing in relation to invest to save schemes.

6. SUMMARY PROVISIONAL CAPITAL PROGRAMME 2015/16 TO 2019/20

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

	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Estimated in year Resources available (para 5.1)	(5,713)	(1,139)	(1,139)	(5,957)	(925)
Proposed Programme (para 4.1)	4,912	2,334	2,226	6,496	1,278
Projected (Surplus)/Deficit	(801)	1,195	1,087	539	353
Cumulative B/Fwd Balance	(2,098)	(2,899)	(1,704)	(617)	(78)
Cumulative year end Position					
• Capital (Surplus) / Deficit	(2,899)	(1,704)	(617)	(78)	275

- 6.2 The table above shows that capital resources will be extinguished in 2019/20, however, project underspends and additional capital receipts may be achieved by this time, but close monitoring of the programme going forward will be required to ensure all commitments can be honoured.

7. CONSULTATION

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

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Executive is asked to:

- (i) Note the revised capital programme and relevant financing for 2014/15 as set out in Appendices A and B;
- (ii) Approve the reprofiling of £1,800,000 from 2014/15 to 2015/16, for recommendation to Council;
- (iii) Give initial consideration and views on the capital spending requests for 2015/16 to 2019/20 contained in this report in light of the estimated available resources;
- (iv) Note that any capital scheme for which funding has been approved by Council may only proceed after a full report, including business case and financial appraisal, has been approved.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer: Peter Mason

Ext: 7270

**Appendices
attached to report:**

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

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive's – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

REVISED CAPITAL PROGRAMME 2014/15
APPENDIX A

Scheme	2014/15 Original July 2014 £	2014/15 Revised Nov 2014 £	Notes
Disabled Facilities Grants	863,000	863,000	
Planned Enhancements to Council Property	366,500	366,500	
Vehicles, Plant & Equipment	322,500	332,500	1
ICT Shared Service	319,900	319,900	
Public Realm Work S106	349,600	349,600	
Clean Up Carlisle	20,500	20,500	
Arts Centre	1,055,000	1,055,000	
Public Realm Work	25,000	25,000	
Harraby School & Community Campus Contribution	1,100,000	1,100,000	
Castle Way S106	340,400	340,400	
Waste Optimisation Software	9,200	9,200	
CCTV Initiative	89,000	89,000	
Female & Families Accomodation	15,000	15,000	
Old Town Hall Phase 2	368,000	368,000	
Kingstown Industrial Estate	9,800	9,800	
Connect 2 Cycleway	7,500	7,500	
Play Area Improvements	69,000	69,000	
Castle Street Public Realm Improvements	8,100	8,100	
Asset Review Purchases/Expenditure	1,400,000	1,400,000	
Employee Payment & Resource Management System	21,000	21,000	
Empty Property Initiative	209,100	209,100	
Enterprise Centre Roof	50,000	50,000	
West Walls	20,000	20,000	
Cenotaph & War Memorials	61,000	61,000	
Sheepmount Road Resurfacing	30,000	30,000	
Bitts Park Improvements	10,000	10,000	
TOTAL	7,139,100	7,149,100	
Capital Reserves to be Released:			
Old Town Hall / Greenmarket	702,000	702,000	
Asset Review Purchases/Expenditure	1,800,000	0	2
Public Realm Work	75,000	75,000	
TOTAL	9,716,100	7,926,100	

Notes:

1. Additional revenue funding for vehicle replacements.
2. Budget reprofiled to future years subject to Council approval.

REVISED CAPITAL PROGRAMME 2014/15 – PROPOSED FINANCING

Source of funding	2014/15 Original £	2014/15 Revised £	Notes
Capital Grants:			
• DFG	663,000	663,000	
• General	186,100	186,100	1
Capital Receipts:			
• B/fwd from previous year	5,642,816	5,642,816	
• PRTB receipts	150,000	150,000	2
• Generated in year	510,000	510,000	
• Generated in year (Asset Review)	1,925,000	1,925,000	3
Capital Contributions			
• General	750,000	750,000	4
Direct Revenue Financing	174,400	197,800	5
TOTAL FINANCE AVAILABLE	10,001,316	10,024,716	
TOTAL PROGRAMME (SEE APP A)	9,716,100	7,926,100	
PROJECTED SURPLUS CAPITAL RESOURCES AVAILABLE	285,216	2,098,616	

Notes:

- Capital grant include funding for Empty Properties and Cenotaph Improvements.
- Revised projections from Riverside Group for 2014/15 will be provided in a future report to the Executive.
- The anticipated receipts from the Asset Management Plan have been reduced in line with revised projections.
- General receipts relate to Castle Way S106 (£340,400), Public Realm Works S106 (£349,600) and Dale End Play Area S106 (£60,000).
- Changes to Direct Revenue Financing relate to Solar Panels (£13,400) and Vehicle Replacements (£10,000).

Report to Executive

Agenda
Item:

A.1(d)

Meeting Date: **10th November 2014**
Portfolio: **Finance, Governance and Resources**
Key Decision: **Yes**
Within Policy and
Budget Framework **YES**
Public / Private **Public**

Title: **CORPORATE ASSETS
3 YEAR REPAIR AND MAINTENANCE PROGRAMME**
Report of: **DIRECTOR OF RESOURCES**
Report Number: **RD39/14**

Purpose / Summary:

This report sets out the maintenance programme and budget proposals for the Council's Corporate Property assets for the 3 year period 2015/16 to 2018/19 required to ensure the legal responsibilities of the City Council are met. It also provides a progress update on building maintenance.

Recommendations:

It is recommended that:-

1. The 3 year revenue maintenance programme set out in Appendix A be approved with the budget of £724,400 for 2015/16 and considered as part of the budget process
2. The 2015/16 capital budget of £150,000 is approved for consideration as part of the budget process.
3. That the list of capital projects selected to meet the budget of £150k is approved.

Tracking

Executive:	
Overview and Scrutiny:	Not Applicable
Council:	Not Applicable

1. BACKGROUND

1.1 Maintenance Strategy

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

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

1.2 Revenue Budget

The revenue maintenance budget is approximately £724,400 spread across a wide range of assets. This comprises a reactive component, minor planned works and servicing. The works include specialist contracts such as lift maintenance, security alarms, water hygiene servicing and mechanical/electrical servicing. Compliance with Health & Safety and legislative requirements are a key aspect. The minor planned maintenance works focus on cyclical repairs and maintenance.

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

1.3 Planned Maintenance

The Council has a capitalised major repairs and improvement programme with a provision of £150,000 included in the capital programme. This sum is allocated according to need with priority being given to those projects with health and safety, legal compliance and preservation of assets arising from the five year plan.

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

1.4 Status Analysis

The maintenance backlog figure is currently £3.408m. This is a slight increase on the previous year's figure of £3.325m. The backlog figure reduces as maintenance projects are completed and increases as condition surveys identify new maintenance projects. The sale and acquisition of properties also affects the backlog figure.

2. PROPOSALS

2.1 Planned Maintenance Capital Programme 2015/16

The following projects reflect the highest priority projects to be funded from capital. The allocation of £150,000 for capital projects is half of the amount allocated in previous years. This reflects the Council's current financial situation. The effect of reducing the budget will likely result in an increase in the backlog figure although this could be alleviated by disposal of properties with a high maintenance requirement.

PROPERTY	PROJECT	COST
West Walls	Underpinning and repairs	£20,000
Herbert Atkinson House	Re-slate roof	£20,000
Irishgate Bridge	Replace hydraulics and doors south side lift	£40,000
Castle Banks	Rebuild leaning part of wall	£5,000
Civic Centre	Replace roof covering and rooflights over Executive room	£40,000
Bousteads Grassing	Demolish Lighting store building	£15,000
Upperby Cemetery	Demolish toilets building	£10,000
	TOTAL	£150,000

3. CONSULTATION

3.1 Consultation to Date

Service heads for Facilities, Property and Finance.

3.2 Consultation Proposed

As above.

4. Recommendations:

It is recommended that:-

1. The 3 year revenue maintenance programme set out in Appendix A is approved with the budget of £683,200 for 2015/16 and considered as part of the budget process
2. The 2015/16 capital budget of £150,000 is approved for consideration as part of the budget process.
3. That the list of capital projects selected to meet the budget of £150,000 is approved.

5. REASONS FOR RECOMMENDATIONS

5.1 To plan the Council's repairs and maintenance programme and make proposals for future revenue and capital budgets to meet these requirements.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:
Asset Management Plans 2005/06 & 2006/07

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's –

Community Engagement –

Economic Development – A well-maintained portfolio ensures that high quality business space is available encouraging both existing businesses to expand along with maximising additional investment opportunities. The Council has a number of historic buildings within its portfolio and it is essential that these are maintained to a suitable standard to ensure they are protected for future generations to enjoy.

Governance – The reduced funding will have a negative effect on the condition ratings required for asset management.

Local Environment – Recent experience at Bousteads Depot and the deteriorating condition would justify an increase in the revenue budget.

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

Contact Officer: **David Kay**

Ext:

7230

APPENDIX A					
MUNICIPAL MAINTENANCE BUDGET					
PROGRAMMED AND REACTIVE REPAIR AND MAINTENANCE					
CODE	DESCRIPTION	2014/15 BUDGET	2015/16 REQUIREMENT	2016/17 REQUIREMENT	2017/18 REQUIREMENT
10110/1010	Bousteads Grassing/Prog Repair	7,300	7,500	7,700	7,900
10110/1059	Bousteads Grassing/M & E Maintenance	1,100	1,200	1,200	1,200
11057/1011/52603	Public Clocks/React Rep & Main	3,700	3,800	3,900	4,000
11057/3010/52602	E.C. Regulations/Lamps&Tubes	7,700	7,900	8,100	8,400
11057/3907/52503	Energy Fund	13,800	14,200	14,600	15,000
15100/1011	Allotments/React Rep & Maint	4,300	4,400	4,500	4,700
15120/1010	Bitts Park Depot/Prog Rep & Mnt	7,300	7,500	7,700	7,900
15120/1011	Bitts Pk Depot/React Rep&Main	3,800	3,900	4,000	4,100
15140/1010	Play Areas/Prog Repair & Main	8,000	8,200	8,500	8,700
15140/1011	Play Areas/React Rep & Maint	19,400	20,000	20,500	21,100
15160/1010	Green Space Operatns/Prog Rep & Maint	15,300	15,700	16,200	16,600
15160/1011	Green Spaces Ops/React Rep & Maint	25,500	26,200	26,900	27,700
15170/1010	Talkin Tarn/Programmed Repair & Maint	8,300	8,600	8,800	9,000
15175/1010	Talkin Tarn Tea Room/Prog Rep & Maint	2,200	2,200	2,300	2,300
16050/1010	Tullie House Build Servs/Prog R & M	18,900	19,400	20,000	20,500
16050/1011	Tullie House Build Servs/React R & M	23,600	24,300	25,000	25,700
16050/1014	Tullie Hse/Millennium Gallery Planned	3,100	3,200	3,300	3,400
16050/1014	Tullie Hse/Millennium Gallery Reactive	6,800	7,000	7,200	7,400
16050/1014	Irishgate/Lift Planned Maintenance	15,200	15,600	16,100	16,500
16050/1014	Irishgate/Reactive Maintenance	7,400	7,600	7,800	8,000
16480/1010	Guildhall/Prog Repair & Maint	4,200	4,300	4,500	4,600
16490/1010	Arts Centre/Prog Repair & Maint	23,600	24,300	24,900	25,600
16490/1011	Arts Centre/Reactive Repair & Maint	16,400	16,900	17,300	17,800
16570/1010	Sands Client/Prog R & M	14,000	14,400	14,800	15,200
16570/1011	Sands Client/Reactive R & M	7,700	7,900	8,100	8,400

16580/1010	Pools Client/Prog Rep & Maint	11,300	11,600	12,000	12,300
16580/1011	Pools Client/React Rep & Main	7,500	7,700	7,900	8,200
16590/1010	Outdoor Rec Clnt/Prog Rep&Maint	21,000	21,600	22,200	22,800
16590/1011	Outdoor Rec Clnt/React Rep&Main	10,800	11,100	11,400	11,700
18010/1010	Civic Centre/Prog Rep & Maint	37,500	38,600	39,700	40,800
18010/1011	Civic Centre/React Rep & Main	43,100	44,300	45,500	46,800
18010/1014	Civic Centre/Office Alteratns	9,200	9,400	9,700	9,900
18010/3002	Civic Centre/Emergency Generator	1,300	1,300	1,300	1,400
18010/3010	Civic Centre/Lamps & Tubes	3,800	3,800	3,900	4,000
18010/4010	Civic Centre/Lift Maintenance	17,400	17,900	18,400	18,900
18010/4025	Civic Centre/Security	3,800	3,900	4,000	4,100
21100/1010	Enterprise Centre/Prog Rep/Mn	22,400	23,000	23,700	24,300
21100/1011	Enterprise Centre/React Rep&M	16,600	17,000	17,500	18,000
21600/1010	Comm Centres Gen/Prog Rep & Main	74,600	76,700	78,900	81,100
21600/1011	Comm Centres Gen/React Rep&Maint	47,600	48,900	50,300	51,700
24500/1010	Public Conveniences/Prog Repair & Main	11,100	11,400	11,700	12,100
24500/1011	Public Con/React Rep & Maint	17,700	18,200	18,700	19,200
25511/1010	Water Street Hostel Programmed Repair & Maint	3,300	3,400	3,500	3,600
25511/1011	Water Street Hostel Reactive Repair & Maint	5,100	5,300	5,400	5,600
25520/1010	Shaddongate(St Johns Hostel)/Prog Rep & Maint	1,400	1,500	1,500	1,600
25520/1011	Shaddongate React/Rep & Maint	5,800	5,900	6,100	6,300
25530/1010	Hostel Homeshares/Program R&M	2,400	2,400	2,500	2,600
25530/1011	Hostel Homeshares/React R&M	8,700	9,000	9,200	9,500
26510/1010	Cemeteries/Prog Repair & Main	18,300	18,800	19,300	19,900
26510/1011	Cemeteries/React Rep & Maint	10,500	10,800	11,100	11,400
26520/1010	Crematorium/Prog Rep & Maint	4,900	5,100	5,200	5,400
26520/1011	Crematorium/React Rep & Maint	8,700	9,000	9,200	9,500
42570/1011	Ind Est James St/Rep&Maint Rc	300	300	300	300
43010/1011	Miscellaneous Properties/React Rep & Maint	4,600	4,800	4,900	5,000
43070/1010	Old Town Hall/Prog Rep & Main	3,700	3,800	3,900	4,000

43070/1011	Old Town Hall/React Rep&Maint	1,600	1,700	1,700	1,800
	Total All Projects	704,600	724,400	744,500	765,500

Report to Executive

Agenda
Item:

A.1(e)

Meeting Date: 10 November 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD25/14
Within Policy and Budget Framework YES
Public / Private Public

Title: TREASURY MANAGEMENT JULY - SEPTEMBER 2014 AND FORECASTS FOR 2015/16 TO 2019/20
Report of: DIRECTOR OF RESOURCES
Report Number: RD36/14

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 2015/16 with projections to 2019/20. 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 2015/16 to 2019/20 be incorporated into the budget reports elsewhere on the agenda.

Tracking

Executive:	10 November 2014
Overview and Scrutiny:	2 December 2014
Audit Committee:	13 January 2015
Council:	n/a

1. INTRODUCTION

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

- (i) **Appendix A** sets out the schedule of Treasury Transactions for the period April 2014 –September 2014
 - **Appendix A1** – Treasury Transactions April to September 2014
 - **Appendix A2** – Investment Transactions April to September 2014
 - **Appendix A3** – Outstanding Investments at September 2014 and
- (ii) **Appendix B** discusses the Prudential Code and Prudential Indicators for 2014/15:
 - **Appendix B1 – Prudential Code background**
 - **Appendix B2 – Prudential Indicators**
- (iii) **Appendix C** sets out the base Treasury Management estimates for 2015/16 with projections to 2019/20 which are included as budget pressures elsewhere on the agenda. Treasury Management projections are reviewed annually to ensure that current interest rate forecasts are updated and that current and future spending implications are built into the cash flow forecasts model. As interest rates are not forecast to rise in the medium term, revisions have been made to the interest achievable and average cash balances have been amended to reflect revised forecasts for anticipated capital receipts, capital expenditure and use of revenue reserves. Consideration has also been given to the profiling of new capital receipts expected and the impact this will have on cash balances and the capital programme. The overall impact of this is shown as the shortfall in the projections within the appendix.

2. CONSULTATION

2.1 Consultation to Date.
None.

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

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 That this report be received and that the projections for 2015/16 to 2019/20 be incorporated into the budget reports elsewhere on the agenda.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

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

Contact Officer:	Steven Tickner	Ext: 7280
Appendices attached to report:	Appendix A1 – Treasury Transactions April to September 2014	
	Appendix A2 – Investment Transactions April to September 2014	
	Appendix A3 – Outstanding Investments at 27 September 2013	
	Appendix B1 – Prudential Code background	
	Appendix B2 – Prudential Indicators	
	Appendix C – Treasury Projections 2015/16 – 2019/20	

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

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Deputy Chief Executive – not applicable

Economic Development – not applicable

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

Local Environment – not applicable

Resources – Contained within the report

TREASURY TRANSACTIONS
APRIL 2014 to SEPTEMBER 2014

1. LOANS (DEBT)1.1 Transactions July to September 2014

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

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

1.2 Loans (Debt) Outstanding at September 2014

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

1.4 Loans Due for Repayment (Short Term)

	PWLB £	Overnight £	Total £
Short Term Debt at 26 September 2014 (These are the balances held on behalf of Carlisle Educational Charity and Mary Hannah Almshouses)	0	0	13,300
			13,300

1.5 Interest Rates

Capita are not forecasting an interest rate rise until Quarter 1 of 2015.

2 INVESTMENTS

	Made		Repaid	
	£	%	£	%
Short Term Investments	41,770,000	0.25 - 0.95	45,195,000	0.25 - 1.01
CCLA Property Fund	3,000,000	4.47		
	44,770,000		45,195,000	

A full schedule of short term investment transactions is set out in Appendix A2. Appendix A3 shows outstanding short term investments at 26 September 2014.

3 REVENUES COLLECTED

To: 26 September 2014		Collected £	% of Amount Collectable %
2014/15	Council Tax	28,505,557	57.14
	NNDR	24,614,168	57.76
Total		53,119,724	57.43
2013/14	Council Tax	27,409,813	57.42
	NNDR	24,438,969	60.08
Total		51,848,782	58.64
2012/13	Council Tax	27,331,978	57.60
	NNDR	23,320,145	60.62
Total		50,652,123	58.97

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

4 BANK BALANCE

At 26 September 2014 £139,564.91 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 2014
 April –September 2014

	Estimate £000	Actual £000	Variance £000
Interest Receivable	(113)	(108)	5
Interest Payable	191	190	(1)
Less Rechargeable	(7)	(7)	0
	184	183	(1)
Principal Repaid	0	0	0
Debt Management	15	12	(3)
NET BALANCE	86	87	1

The estimate column is the profiled budget to 26 September 2014.

Interest receivable is falling behind budgeted projections due to average investment returns being lower than those anticipated when the budget was set. Although bank base rates have remained at 0.50%, investment rates have continued to fall due to banks being able to access capital from the Bank of England that has meant they do not need to offer higher rates to attract investment from the financial markets. To counteract this, £3million was placed in the CCLA property Fund at the end of July and interest from this fund will start to appear through quarter 3. At the end of September the fund is attracting a yield of 4.47%. Further details of the fund performance will be available in the quarter three report.

APPENDIX A2

SHORT TERM INVESTMENT TRANSACTIONS JULY TO SEPTEMBER 2014

INVESTMENTS MADE		INVESTMENTS REPAYED	
	£		£
Royal Bank of Scotland	5,730,000.00	Royal Bank of Scotland	6,000,000.00
Ignis	4,000,000.00	Royal Bank of Scotland	5,575,000.00
Nationwide	1,000,000.00	Barclays	2,000,000.00
Nationwide	1,000,000.00	Royal Bank of Scotland	155,000.00
HSBC	2,935,000.00	Ignis	80,000.00
Coventry B.Soc	1,500,000.00	Prime Rate	3,380,000.00
Coventry B.Soc	1,500,000.00	Ignis	230,000.00
Barclays	1,000,000.00	Ignis	1,735,000.00
Barclays	1,000,000.00	HSBC	150,000.00
Prime Rate	2,580,000.00	Ignis	1,955,000.00
Prime Rate	800,000.00	Coventry B.Soc	1,500,000.00
HSBC	3,275,000.00	HSBC	500,000.00
Ignis	2,300,000.00	HSBC	2,625,000.00
Bank of Scotland	1,000,000.00	Bank of Scotland	1,000,000.00
Prime Rate	2,675,000.00	Ignis	485,000.00
HSBC	665,000.00	Prime Rate	2,675,000.00
HSBC	1,725,000.00	Ignis	1,815,000.00
Ignis	3,400,000.00	HSBC	2,280,000.00
Ignis	600,000.00	Coventry B.Soc	1,500,000.00
Handelsbanken	2,085,000.00	HSBC	110,000.00
Barclays	1,000,000.00	Handelsbanken	985,000.00
		Handelsbanken	100,000.00
		Ignis	3,000,000.00
		Handelsbanken	1,000,000.00
		HSBC	2,360,000.00
		Ignis	1,000,000.00
		Barclays	1,000,000.00
TOTAL	41,770,000		45,195,000
		Bfwd	23,065,000
		Paid	41,770,000
		Repaid	45,195,000
		Total	19,640,000

Outstanding Short Term Investments as at 30 September 2014

Category	Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Days to Maturity	Days to maturity at execution	Total Interest Expected (£)
O	HSBC	3,640,000	0.50%		Call			0
R	NATIONWIDE BS	1,000,000	0.58%	15/05/2014	17/11/2014	48	186	2,956
R	NATIONWIDE BS	1,000,000	0.58%	01/07/2014	28/11/2014	59	150	2,384
R	NATIONWIDE BS	1,000,000	0.58%	02/06/2014	02/12/2014	63	183	2,908
R	NATIONWIDE BS	1,000,000	0.61%	01/07/2014	22/12/2014	83	174	2,908
B	BANK OF SCOTLAND	1,000,000	0.98%	03/01/2014	05/01/2015	97	367	9,854
R	BARCLAYS	1,000,000	0.72%	04/04/2014	05/01/2015	97	276	5,444
B	BANK OF SCOTLAND	1,000,000	0.95%	14/02/2014	13/02/2015	136	364	9,474
R	BARCLAYS	1,000,000	0.74%	30/05/2014	27/02/2015	150	273	5,535
R	BARCLAYS	1,000,000	0.75%	02/07/2014	02/03/2015	153	243	4,993
B	BANK OF SCOTLAND	2,000,000	1.10%	28/03/2014	27/03/2015	178	364	21,940
B	BANK OF SCOTLAND	1,000,000	0.95%	31/03/2014	30/03/2015	181	364	9,474
B	BANK OF SCOTLAND	1,000,000	0.95%	10/04/2014	09/04/2015	191	364	9,474
B	BANK OF SCOTLAND	1,000,000	0.95%	30/05/2014	28/05/2015	240	363	9,448
R	BARCLAYS	1,000,000	0.46%	29/09/2014	26/06/2015	269	270	3,403
B	BANK OF SCOTLAND	1,000,000	0.95%	01/08/2014	31/07/2015	304	364	9,474
Total Investments		£19,640,000	0.75%			150	287	£109,667

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

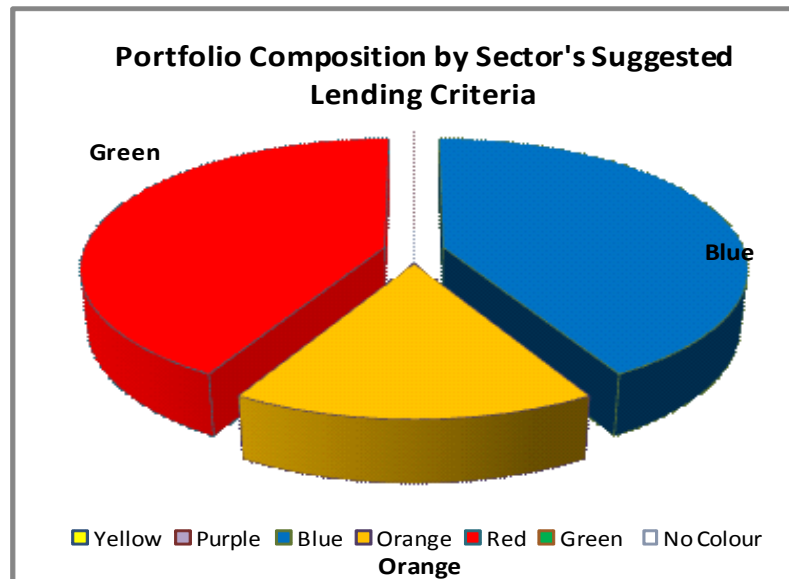
The category colour represents the duration of investment recommended by Sector, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investment Summary Sheet

						Weighted Average Rate of Return	Weighted Average Days to Maturity	Weighted Average Dats to Maturity from Execution
	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution
Yellow	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Purple	0.00%	-	0.00%	-	0.00%	0.00%	0	0
Blue	41.80%	8,000,000	0.00%	-	0.00%	0.91%	188	364
Orange	16.40%	3,640,000	100.00%	3,640,000	18.53%	0.50%	0	0
Red	41.80%	8,000,000	0.00%	-	0.00%	0.62%	115	219
Green	0.00%	-	0.00%	-	0.00%	0.00%	0	0
No Colour	0.00%	-	0.00%	-	0.00%	0.00%	0	0
	100.00%	19,640,000	39.30%	3,640,000	18.53%	0.76%	127	244

Risk Score for Colour (1 = Low, 7 = High)	Sep 2014	Jun 2014	Mar 2014	Sep 2013
1	0	0	0	0
2	0	0	0	0
3	1.3	1.8	2.5	2.1
4	0.7	0.5	0.0	0.4
5	2.1	1.3	0	0
6	0.0	0.0	1.0	1.3
7	0	0	0.0	0
	3.6	3.6	3.5	3.8

	Sector's Suggeste d 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. Supported and Unsupported (or Prudential) Borrowing

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

- 3.2 This element of supported borrowing is still part of the RSG system although the City Council has previously resolved that its capital borrowing would be limited to its level of supported borrowing. In 2014/15 this is estimated to be Nil.
- 3.3 However, there may be circumstances in which the City Council will wish to undertake some prudential borrowing and the issues surrounding unsupported and supported borrowing are discussed below.
- 3.4 Authorities are permitted to borrow in excess of their supported borrowing allocation. This is referred to as prudential or unsupported borrowing. This can be undertaken so long as the Council can demonstrate that the revenue consequences of such borrowing (i.e. the cost of the debt) are sustainable, affordable and prudent in the medium to long term.

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 2014/15 to date as detailed in the Treasury Management Strategy Statement for 2014/15.

(a) Affordability

	2014/15 Original Estimate £	2014/15 Revised Estimate £
(i) Capital Expenditure	9,716,100	7,926,100
(ii) Financing Costs Total Financing Costs	1,521,567	1,521,567
(iii) Net Revenue Stream Funding from Govt Grants/Local Taxpayers	13,090,000	13,090,000
(iv) Ratio of Financing Costs to Net Revenue Stream The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income.	11.62%	11.62%
(v) Incremental Impact on Council Tax This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time.	12.73	12.73
(vi) Authorised Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities	37,600,000	37,600,000
	15,013,300	15,013,300
The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances.		

	2014/15 Original Estimate £	2014/15 Revised Estimate £
(vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis.	32,600,000	32,600,000
	15,013,300	15,013,300
(viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes.	7,586,000	n/a

(b) Prudence and Sustainability

	2014/15 Original £
(i) New Borrowing to Date No Long Term Borrowing has been taken in 2014/15 to date	0
(ii) Percentage of Fixed Rate Long Term Borrowing at September 2014	100%
(iii) Percentage of Variable Rate Long Term Borrowing at September 2014 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement.	0%
(iv) Minimum Level of Investments Classified as Specified Level of Specified Investments as at September 2014 As part of the Investment Strategy for 2014/15, 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 2014/15 and 2015/16 with projections to 2019/20

Carlisle City Council	2014/15 Revised £000	2015/16 Estimate £000	2016/17 Estimate £000	2017/18 Estimate £000	2018/19 Estimate £000	2019/20 Estimate £000
Interest Payable	1,319	1,320	1,320	1,320	1,549	1,544
Core MRP	303	432	382	414	441	640
Principal Repayments	0	0	0	0	106	111
Debt Management						
Sector	15	15	16	16	16	17
Publications	1	1	1	1	1	1
Recharge - Transferred Debt/bequests etc	(23)	(21)	(21)	(21)	(21)	(21)
Total Expenditure	1,615	1,747	1,697	1,730	2,092	2,291
Interest Receivable	(209)	(294)	(380)	(458)	(529)	(573)
Other Interest Recharged	3	3	3	3	3	3
Total Income	(206)	(291)	(377)	(455)	(526)	(570)
Treasury Management Net Expenditure	1,408	1,456	1,320	1,275	1,566	1,722
Council Resolution Budget 14/15	1,514	1,633	1,811	1,893	2,298	2,298
Difference to Council Resolution Position	(106)	(177)	(491)	(618)	(733)	(577)
Cumulative Difference to Council Resolution Position	(106)	(283)	(774)	(1,392)	(2,124)	(2,701)

Report to Council

Agenda
Item:

17(iii)

Meeting Date: 9 September 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD14/14
Within Policy and Budget Framework YES
Public / Private Public

Title: MTFP 2015/16 TO 2019/20
Report of: DIRECTOR OF RESOURCES
Report Number: RD18/14

Purpose / Summary:

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

Recommendations:

The Council is asked to approve the Medium Term Financial Plan for the period 2015/16 to 2019/20.

Tracking

Executive:	21 July 2014
Overview and Scrutiny:	7 August 2014
Executive:	18 August 2014
Council:	9 September 2014



CARLISLE CITY COUNCIL

MEDIUM TERM FINANCIAL PLAN

2015/16 to 2019/20

SEPTEMBER 2014

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Appendices

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POLICY AND CONTEXT

1.1 Purpose

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

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

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

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

1.2 Government Policies

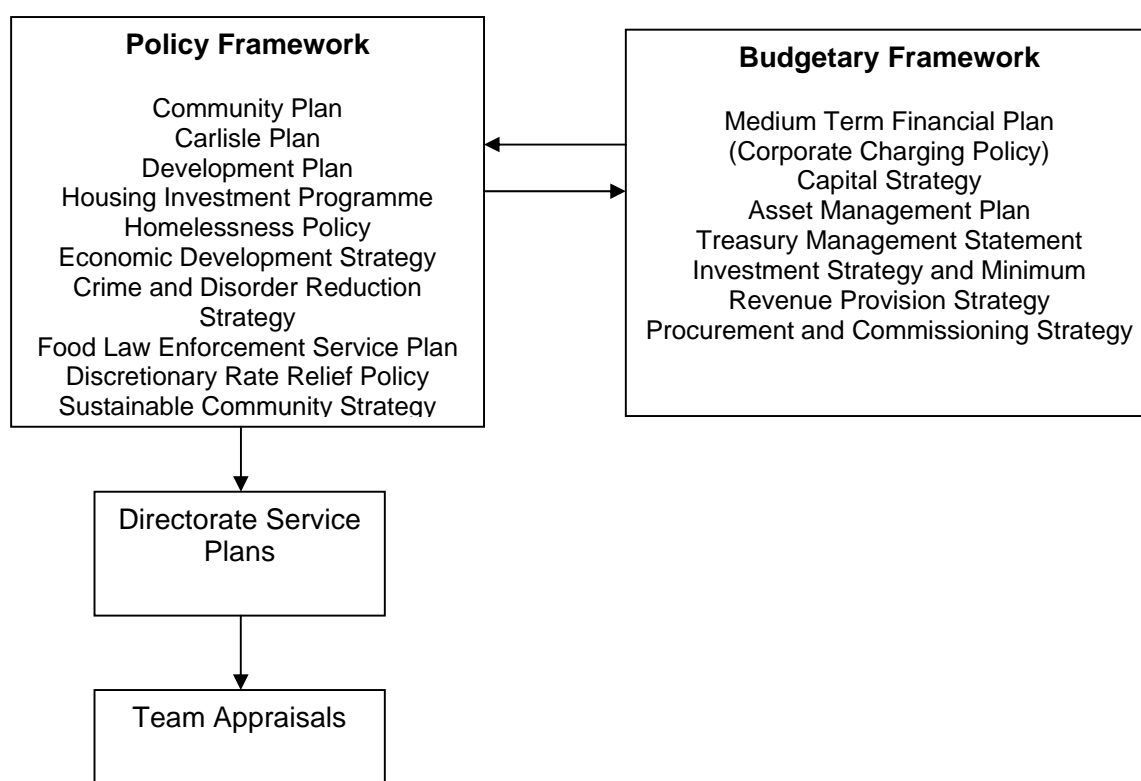
Nationally, the Government sets out policy which can result locally in the Council having to provide additional resources to meet nationally set targets, often without corresponding increases in grant assistance. Some initiatives do receive grant assistance, but for a limited period only, resulting in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

1.3 The Council's approach to corporate planning

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

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

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



Community Plan

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

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

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

Directorate Service Plans

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

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

Other Council Strategies, Plans and Policies

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

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

1.4 Budget Priorities and Budget Allocations

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

1.5 Performance Review

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

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

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

FORECASTING RESOURCES AND COMMITMENTS

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

2.1 Current Budget Forecast

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

The Council approved the current forecast for the period 2014/15 to 2018/19 on 4 February 2014 and this is shown in Appendices A to C as follows:

- Appendix A** – Summarises the net budget for the five years (£13.090million for 2014/15) approved for Council Tax Purposes by Council on 4 February and provides a forecast to financial year 2018/19. Indicative figures have also been included for 2019/20.
- Appendix B** – Provides an indicative forecast of how the projected gross budget (£59.963million in 2014/15) will be financed over the same period.
- Appendix C** – Analyses the Gross budget over main spending headings (only for 2014/15 as future years are not available).

2.2 Budget Surplus/Deficit Forecast

The current medium term financial projections indicate adequate Council reserves from 2014/15 due to the outcomes of the transformation process.

The amount approved by Council in February 2014 as part of the budget process, to be taken from/added to Council Reserves to support Council spending, updated by the outturn report approved in June and other adjustments approved to date, is set out in the Table below:

Year	Recurring Commitments (Surplus) £000	Non-Recurring Commitments £000	Carry Forwards £000	Total (Contribution From / (to) Reserves) £000
2014/15	86	(197)	787	676
2015/16	(1,000)	(106)	0	(1,106)
2016/17	(44)	0	0	(44)
2017/18	(138)	0	0	(138)
2018/19	128	0	0	128
2019/20	841	0	0	841

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

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

2.3 Efficiency and Savings Strategy

A strategy to identify recurring budget savings and service efficiencies was approved by Council on 4 February 2014 as part of the budget resolution. The strategy will deliver savings and efficiencies for the 2014/15 budget and will concentrate on the following areas:

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Additional Savings to be found	1,000*	1,839	0	1,100	1,000

* Non Recurring

The 2014/15 budget indicated that the additional savings to be found will concentrate on the following areas to deliver the savings required to produce a balanced longer term budget, however, the exact work programme will be dependent on progress with the Transformation Programme.

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

- Service Delivery Models – As part of the transformation programme, alternative options for service delivery will be considered in order to make significant financial savings whilst still delivering good standards of service. The options under consideration will include shared services and commissioning of services.
- As part of the transformation programme a review of those services which do not fall within the Council's core priorities or which are not statutory will be undertaken to ensure that services are properly aligned to what the Council wants to achieve.

2.4 Significant Budget Issues

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

- Government Grant Reductions (Further 10% from 2015/16)
- Revised Transformation targets
- Capital Programme - longer term priorities and revenue implications especially Vehicle Replacements
- Shortfalls in income from Lanes and other Sources, e.g. Car Parking and Planning Fees, including treasury management
- New Homes Bonus grant being merged with RSG from 2015/16
- Effect of Localisation of Council Tax Benefit Grant and Business Rates Retention
- Implementation of the Universal credit

2.5 The Capital Strategy

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

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

2.6 Sensitivity Analysis

2.6.1 Financial Impact

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

Description	Base for Calculation £000	1% Variance £000
Pay Awards	17,172	172
Council Tax	(5,999)	(60)
General Inflation (currently 2.8%)	10,366	104
Income from Fees and Charges & Receipts	(11,532)	(115)
Investment Interest - Movement in Rates	(20,000)	(200)

2.6.2 Population Impact

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

In 2014/15 the cost of providing Council services equates to a cost per head of population of £121.76, based on a population forecast of 107,500. A 1% increase in the Council's population would broadly equate to a further £130,900 needed to be raised to provide Council services at existing levels, which would equate to an increase in Council Tax of £5.54.

EXTERNAL FACTORS INFLUENCING THE MTFP

3.1 Economic Factors

3.1.1 State of the Economy

The measures announced by the Government to reduce the amount of Public Spending and to reduce the Country's structural deficit will continue to play a pivotal role in determining how much the economy grows over the coming years. Whilst economic growth in Carlisle remains flat, the Council may find it will be difficult to increase income levels e.g. Car Park income. Treasury Management income will also be limited whilst interest rates remain low, and the available institutions with which the Council can invest with diminishes due to reductions in banking credit ratings. The impact of increased costs is detailed in the sensitivity analysis section of the MTFP. The effects on the MTFP of any changes to the state of the Economy will need to be closely monitored in the short term in order to react effectively to changing situations. The MTFP currently assumes that the economy will show signs of recovery from 2015/16, with income projections increasing. However, if this does not occur as expected, further pressures may be placed on the revenue budget to meet any ongoing shortfalls.

3.1.2 Inflation

Inflation levels as at May 2014 were 1.5% for CPI (Consumer Price Index) and 2.4% for RPI (Retail Price Index).

As far as the City Council is concerned, inflation adds to the pressure on its finances if pay settlements and other costs exceed the estimates incorporated in the Council's budget. The Government has announced in the Budget and Spending Review that there will be a Public Sector pay freeze for two further years. It is anticipated that local government pay will mirror national public sector positions. The current MTFP includes pay award increases of 1.0% in 2014/15 and 2015/16 and 2.5% thereafter. If any pay award is lower than these forecasts then the amount can be factored into the MTFP as potential savings, offsetting any additional cost pressures.

In terms of treasury management, the Council's borrowing costs are fixed until 2020 due to the long term fixed rate nature of its current external loans. Investment income is more related to movements in the base rate and other short term interest rates. Raising such rates is seen as one of the primary means of controlling inflation and the Monetary Policy Committee's primary remit is to control inflation. The base rate is at 0.5% and investment rates are now not far above this level meaning that investment income is significantly below that of previous years and is likely to remain so for some time to come. The Councils record over the past couple of years whilst interest rates have been so low has been good, however, now that banks have lowered their investment rates due to quantitative easing, average yields achieved by the Council have fallen to around 0.8%. The Council takes a managed view of the exposure to risk associated with obtaining this level of return and seeks to ensure that its investments are in line with the policies set out in the Treasury Management Strategy Statement.

The MTFP assumes that inflation is applied to expenditure at 2.8% and income from fees and charges is inflated by 3.8%. The overall cash increase included in the Medium Term Financial Plan is £795,000 and this has to cover pay award increases, expenditure increases (including contractual) and income increases. With current inflation being at 1.5%, there may be scope to reduce the increases to expenditure and income in the budget process. There have been difficulties in applying a 3.8% increase to income generated from Car Parking in the past and it is recommended that this income stream be dealt with separately and excluded from the standard

3.8% year on year increase. All inflationary pressures should be contained within the cash resource allocated for inflation.

3.2 Government Policies and Initiatives

3.2.1 Government Spending Review and Local Government Finance Settlement

Spending Review

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

For 2014/15 onwards reductions in Formula Grant have been included that see the grant received by the Council reduce. The Spending Review in June 2013 indicated that Local Government funding in 2015/16 would reduce by a further 10%. Any further reductions to the levels currently included in the MTFP will be additional pressures that will need to be funded by the Council. Further reductions in formula grant funding are anticipated in future years. From 2015/16, the Government has announced that New Homes Bonus will be subsumed within Revenue Support Grant.

	RSG £000
2014/15	3,108
2015/16	2,269
2016/17	2,277
2017/18	2,182
2018/19	2,083

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

	2015/16	2016/17	2017/18	2018/19	2019/20
Taxbase - Council Calculation for Tax Setting (0.279% growth)	31,100.82	31,187.59	31,274.60	31,361.86	31,449.36
Population - RSG Settlement*	107,500	107,500	107,500	107,500	107,500

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

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

3.2.2 Council Tax

Council Tax for 2014/15 continued to be maintained at 2010/11 levels through assistance received from Government and use of Council resources.

The Council's policy on taxation levels is that these should be set wherever possible at fair and reasonable levels and that the Council Taxpayer should not automatically bear the largest burden for any additional spending that may be required by the authority. This policy was set following the extensive budget consultation exercise undertaken as part of the 2004/05 budget process.

The City Council has been successful in avoiding a Council tax increase for 2014/15. For planning purposes the figures included in the Medium term Financial Plan assumes no annual increase in Council Tax for 2015/16 then 1.99% thereafter. This will however be subject to review during the annual budget process, and will be particularly dependent on annual Government funding levels and future spending pressures. A 1% change in the level of council tax will impact on the budget by £67,000. (i.e. £133,000 per annum based on 1.99% MTFP profile).

3.2.3 Local Government Finance

There have been significant changes in the allocation of Local Government funding for 2014/15 that could have significant implications in future years.

Council Tax Benefits Localisation

The localisation of Council Tax Benefit has seen reductions in the amounts awarded to individual authorities for the provision of Council Tax benefit to residents. The Council chose to absorb the reduction in funding as part of its 2013/14 budget process, however, any significant deviation in Council Tax Benefit claims from those initially estimated could increase the impact of this funding reduction on the Council

Localisation of Business Rates

The Council is now operating under the Localisation of Business Rates scheme whereby it has the opportunity to keep a proportion of growth in the Business Rate income generated in the area. The Government set a baseline figure as part of the 2014/15 formula funding settlement, and any growth over this level is shared 50/50 between central government and local government (City Council share is 40% and County Council share is 10%).

The Council joined the Cumbria Business Rates Pool for 2014/15 in order to achieve benefits of working together with the County Council and other Cumbrian Districts (excluding Copeland) to help retain more business rates in the area. Decisions on whether to remain within the pool are to be taken annually.

3.2.4 Specific Grants

Income from Specific Grants meets over 50% of the Council's spending. The bulk of this is in respect of grants to meet rent allowances, which meets nearly 100% of the total cost of providing these benefits by the Council.

Maximising income from grants and external funding sources continues to be a key priority for the Council. The difficulty with some specific grants however is that they can be time-limited with the amount granted often difficult to predict and plan for. Often when grants are reduced, this results

in either a bid for additional funding through the budget process to preserve services or the need for further savings being identified to cover the loss of grant.

For the purposes of the MTFP, where changes to grant regimes and external funding are known, these have been incorporated into the financial projections. The potential for further changes is recognised in the risk assessment attached to the Plan. Details on some of the major grant streams is shown below:

Welfare Bill including Housing Benefits

The Government has announced that there will be significant changes to the Welfare State as part of the current Parliament and this will involve radical changes to the way benefits are managed and distributed.

There will be significant changes to the way Carlisle City Council manages these benefits, with Council Tax benefit likely to be set under local parameters (as highlighted above) and housing benefit absorbed into DWP Universal Credit arrangements (staggered between 2013 and 2017).

Housing Benefit Admin Grant is likely to reduce over the life of the MTFP and reductions were built into the budget process for 2014/15 to try and mitigate the effect of this, however, further reductions will occur with the downsizing of housing benefit administration.

3.2.5 Other Government Initiatives

Housing

Grants for specific Housing related services have reduced significantly. Support for Disabled Facilities Grants is included at £663,000 from Central Government for 2014/15 onwards, and the Council approved an additional £200,000 per annum included funded by Council resources to support DFG's.

New Homes Bonus

The Government announced as part of its Comprehensive Spending Review in 2010 that there would be additional funding provided based on the level of anticipated New Homes to be built or existing homes brought back into use within a Local Authority Area. The amount would be based on the amount of additional Council Tax that would be generated from the New Homes and would be available for a period of 6 years. The Council received £243,000 in 2011/12, £408,000 in 2012/13, £388,000 for 2013/14 and a further £269,000 for 2014/15 and 2015/16.

Future allocations of New Homes Bonus will be amalgamated into the total funding received through Revenue Support Grant.

3.4 Minimum Revenue Provision (MRP)

The MRP represents a provision that the Council must make to fund the repayment of external debt. As capital cash is utilised in providing the Councils capital programme the MRP is rising each year. This factor is also incorporated within the MTFP forecasts within overall Treasury Management costs. The Council will continually review its MRP Strategy and choose the option for charging MRP that is most beneficial at that particular time.

Any future capital projects will need to be evaluated for their effects on potential MRP charges either through the continued use of capital receipts or through prudential borrowing.

INTERNALLY DETERMINED FACTORS INFLUENCING THE MTFP

4.1 Inflation

Taking into account current economic forecasts the Council has to make assumptions on the level of inflation to be included in the forward projections within the MTFP. The measure to be used for inflation in the MTFP is CPI (i.e. excluding housing costs) and this is currently running at 1.5%.

There is an inevitable degree of uncertainty surrounding inflation projections. However, for the five-year period under review, a CPI inflation rate of 2.8% has currently been assumed. It is anticipated that as part of the budget process that the level of inflation built into the Medium Term Financial Plan can be reviewed to see if inflation is required to be applied to all items of expenditure and whether different rates can be used for different items.

Individual spending heads have also had different inflation projections attached and these are detailed further below.

4.1.1 Pay Costs

In 2014/15, the Council is expecting to spend £17.1million on employee related costs and this represents approximately 60% of the cost of running the Council, excluding the cost of housing benefits.

Changes to pay costs will have the single biggest impact on the Council's budget. To offset the natural increases in pay costs, the Council has approved a policy to include a saving in its budget to reflect staff turnover.

The forecasts in the MTFP for pay costs have been calculated using the following assumptions: -

- A provision for basic pay increase of 1.0% p.a. for 2014/15 and 2015/16 then 2.5% p.a. thereafter.
- The cost of increments is now considered to be minimal due to low staff turnover levels and the majority of staff having now progressed to the top of their grade.
- Staff turnover will remain at around 3% of gross salaries. The budget provision for 2014/15 has been set at £412,500.

4.1.2 General Inflation

The Council applies a policy of applying a general inflation increase to all running costs in its budget. The inflationary increase for the 5 years of the MTFP is based on the annual Consumer Price Index, which is currently running at 1.5% per annum (May 2014), although the current MTFP still assumes an inflation rate of 2.8%. An exercise is carried out as part of the budget cycle to examine the level of inflation that needs to be applied to different types of expenditure. Inflation forecasts are expected to be above 2% over the period of the MTFP. A 1% movement in the inflation rate would currently equate to £104,000 if applied to all general supplies and services expenditure

4.1.4 Investment Income

Treasury management is a field that has its own dynamics many of which, most obviously the level of short-term interest rates, are outside the control of local authorities. Projections of interest rates and investment income yields accruing to the City Council must always be viewed in this context.

When the budget for investment income in 2014/15 was set last autumn, it was based upon achieving an estimated average yield of 1.0% which reflected the benefit of investments placed in Government backed banks. Bank base rates continue to be held at 0.5% while actual money market yields from new investments are currently running at 0.8-0.95%. The latest forecasts of interest rate movements provided by our treasury management consultants, Sector, indicate base rates will remain at this level throughout most of 2014/15 and only starting to climb into 2015 although such a forecast must be viewed with caution. These movements will affect the interest returns earned by the Council quite significantly. As in previous years, these projections are subject to regular review and amendment in the light of money market conditions.

The achievement of levels of investment income is dependent not only on interest rates but also on the authority's anticipated pattern of cash flow. Taking account of both these factors, the estimated investment income built into the current MTFP, are as follows:

	Average Rate Expected	Average Balance £	Current MTFP £
2014/15	1.00%	22,609,200	226,092
2015/16	1.00%	23,763,300	237,633
2016/17	1.38%	22,044,783	304,218
2017/18	1.88%	19,257,660	362,044
2018/19	2.50%	17,318,800	432,970
2019/20	3.50%	15,878,800	555,758

The availability of investment interest rates over 1% for 12 month investments is now very much a rarity and this will have a significant impact upon the investment returns currently included in the MTFP and could lead to significant budgetary pressures. The interest assumed to be achieved above includes interest from the investment of £15million of capital receipts from the sale of assets not reinvested in new assets but invested in the money market instead.

The Council approved the use of a longer term investment in a Property Fund that will enable the Council to make better returns.

These projections are reviewed on a quarterly basis in the context of both money market conditions and anticipated cash flow.

As well as interest rates, the biggest contributing factor to Treasury Management costs is MRP, and as capital balances are diminished, MRP will continue to rise, unless new capital receipts can be generated.

4.2 Spending Pressures and Savings

As part of its budget process, service departments are required to identify high priority spending pressures and identify savings to meet those pressures. These proposals are then subjected to a detailed appraisal process and those approved are included in the forthcoming year's budget.

There was a detailed benchmarking exercise carried out in 2013/14 to identify areas where the Council is spending more or less than its historic cities counterparts. This exercise is being used to inform the savings process for 2014/15 onwards.

Details of all spending pressures and savings affecting services in 2014/15 are shown in detail in the budget resolution and are summarised below:

	2014/15 Original £000	2014/15 Revised £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Recurring Spending Pressures	1,492	1,492	1,924	2,385	2,602	3,165	3,165
Recurring Spending Reductions	(426)	(426)	(2,195)	(2,485)	(3,597)	(4,609)	(1,340)
Non-Recurring Spending/(Saving)	1,066	1,066	(271)	(100)	(995)	(1,444)	1,825
Non-Recurring Pressures							
- Existing	179	0	0	0	0	0	0
- New	1,016	1,016	122	0	0	0	0
Carry Forward Requests	0	787	0	0	0	0	0
Use of Reserves	0	0	0	0	0	0	0
Non Recurring Reductions	(1,392)	(1,392)	(228)	0	0	0	0
Net Non-Recurring Spending/(Saving)	(197)	411	(106)	0	0	0	0

These proposals form the basis of the 5-year projections contained within the MTFP. As can be seen from the table above, the Council has been successful in identifying recurring savings to redirect to priority spending areas.

4.3 Asset Management

The Council is required to draw up an Asset Management Plan (AMP) to ensure that the Council's property is maintained in a good condition, is suitable for purpose and that sufficient resources are available to meet maintenance costs. The AMP recognised a maintenance backlog of some £2.8 million. The level of repairs and maintenance in the Council's budget is subject to an annual repair and maintenance programme with bids for structural maintenance and disabled adaptations included within the capital programme.

4.4 Income

The City Council's revenue budget is heavily dependent on the income it generates, with 20% of the gross budget coming from this source. The main areas are:

4.4.1 Fees and Charges for Services

Fees and Charges for individual services generate in the region of £5m p.a. for the City Council. **Appendix D** sets out the Council's approach to the reviewing and setting of fees and charges on an annual basis. The overall aim is to increase the proportion of income raised from users of

discretionary services to ensure that they meet the full cost of these services, rather than the costs falling on Council Taxpayers in general. In the past the income target has been set at 1% above the inflation rate, however the revised guidance strengthens the recognition that there will be different priority objectives for each income area and that for some areas maximising income may not be the key priority. Each charges review undertaken as part of the budget process must clearly set out the overall policy objective. In the past two years, increases in charges have not always resulted in expected income yields and projections are monitored carefully. Nevertheless the current MTFP assumes an overall increase in income from fees and charges of 3.8% p.a.

- 4.4.2 Significant Income Streams – further actions will need to be taken to account for the areas where income continues to be generated at less than the budget. The 2013/14 Charges Review will further consider this issue.

	2011/12 Actual £	2012/13 Actual £	2013/14 Actual £	2014/15 Budget £
Cemeteries & Crematorium	1,067,541	1,145,021	1,141,499	1,125,100
Development Control	589,762	589,762	658,978	521,500
Building Control	259,469	278,615	297,459	331,800
Land Charges	153,730	156,025	169,557	165,700
Parking	1,236,682	1,107,563	1,072,536	1,299,200
Total	3,329,616	3,132,129	3,462,100	3,443,300

The income from **Parking** has been declining steadily over the past few years, and steps were taken to reduce the income targets. Over the past few years, car parking income has failed to achieve a 3.8% increase in income generated. It is therefore recommended to deal with the position on car parking income separately to the normal inflationary provision and remove the requirement for car parking inflation to be uplifted by 3.8%.

4.4.3 Property Rentals

Income received from property rentals is in the region of £4.5 million per annum. The Council has established an Asset Disposal Reserve for its property portfolio to ensure that the quality of its industrial estates and other commercial properties is maintained, thereby preserving the level of income generated by these assets.

The forecast yield from property rentals over the period 2014/15 to 2018/19 and included in the MTFP is shown in the following table: -

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
The Lanes (See Paragraph below)	1,383	1,521	1,521	1,521	1,521
The Market	118	118	118	118	118
Industrial Estates (+2% p.a)	2,382	2,430	2,478	2,528	2,578
Miscellaneous Properties (+2% p.a.)	762	777	793	809	825
Total	4,607	4,807	5,009	5,073	5,042

The Council has an agreement with the managing agents of the Lanes development whereby the Council receives a proportion of the total rental income. The budgeted income is included in the MTFP at £1.383m. Receiving Equity rental now means that the rental income received is subject to fluctuations in the performance of the Lanes and in periods where there are a lot of voids, income may be lower than that forecast. The situation is monitored via Management Reports received from the Managing Agent.

The Asset Management Plan provides advice on how the Council can use its land and property portfolio to ensure that it achieves best value and delivers cost-effective services.

4.4.4 Council Tax Income

Based on the Council Tax base projected for 2014/15 and an assumed annual growth of approximately 0.279% in the base over the next five years, a 0% increase in 2104/15 and 2015/16 and 1.99% increase thereafter in Council Tax per annum will provide additional resources over the period 2015/16 – 2019/20 as follows: -

Year	Council Tax Band D £	Tax Base Projections	Yield £	Annual Increase £
2014/15	193.43	31,014.29	5,999,094	
2015/16	193.43	31,100.82	6,015,832	16,737
2016/17	197.27	31,187.59	6,152,376	136,544
2017/18	201.20	31,274.60	6,292,450	140,074
2018/19	205.20	31,361.86	6,435,454	143,004
2019/20	209.29	31,449.36	6,582,037	146,583

4.5 The Capital Programme

The revenue implications of capital spending are identified in the project appraisal process to ensure that the full cost of any proposals for capital investment can be included in both the revenue and capital budgets of the Council. The budget projections therefore include an assessment of the revenue costs of existing capital projects.

The level of resources used to finance the capital programme, either from capital receipts, reserves or grants, has a direct bearing on the revenue budget as it reduces the amount of money the Council has to invest, thereby reducing its investment interest. The assumption made here is

that the effect of the capital programme on investment levels will be broadly neutral, effectively meaning that the Council will only spend the capital resources it receives in any one year.

4.5.1 Prudential Borrowing

Nearly all formal controls on borrowing by local authorities have been relaxed since the introduction of the Prudential Code in April 2004. Furthermore, in 2014/15 the City Council received a capital grant of approximately £0.66m towards its capital programme. This system of providing support via a capital grant is expected to continue in the period covered by the MTFP.

Given the level of other resources available to the Council, particularly the balance of unapplied capital receipts, to fund the present programme, it has been assumed that there could be a potential shortfall in resources that would lead to a borrowing requirement in funding the Council's capital expenditure in the next five years. Any prudential (or unsupported) borrowing should be supported by a robust business case but for the time being other sources of capital finance are considered to be more economic and therefore more 'prudent'.

4.6 Reserves

It is the responsibility of the Director of Resources to advise the Council on policies and protocols in respect of the use and level of reserves that it should hold. This information is required to ensure that members are kept fully informed of the effects of their decisions on the reserves held by the Council. A revised set of policy guidelines and associated protocols is attached at **Appendix E**.

Minimum levels of reserves were reviewed as part of the 2014/15 budget process and the risk assessment identified that minimum levels could be maintained at £2.6million

The Council balances are set out in **Appendix F**. In order to maintain the financial stability of the Council, the fundamental principle on the use of Reserves and Balances is that they should not normally be used to fund recurring expenditure. Where they are, however, the usage should be explicitly stated, and steps taken to address the situation in following years.

BUDGET PROCESS

5.1 Budget Process

The Revenue Budget Process is the main mechanism in place for forecasting spending requirements and resources over a 5-year planning period.

The budget is drawn together from:

- a base budget requirement, which determines the cost of providing existing services,
- bids for additional resources, which are required to meet identified spending pressures that meet Council priorities,
- forecasts of income from fees and charges, linked to the Corporate Charging Policy,
- forecasts of grant income,
- to arrive at a level of Council Tax to be charged to residents.

This well-established mechanism results in the approval of the annual budget in February.

Within the process, there are a series of key tasks that must be carried out, as follows: -

- (a) The base budget must be established, taking account of factors such as
 - inflationary increases in pay and operating costs,
 - shortfalls or reductions in budgeted income levels,
 - the level of external funding through grants or contributions from the government or other bodies.
- (b) Bids for additional resources must be submitted by November each year and be accompanied by a full financial appraisal setting out the business case for the additional resources requested. The financial appraisal is a key document as it will provide information on: -
 - the Council priorities requiring the resources,
 - the consequences of not providing the resources,
 - options considered to meet the pressure from within existing resources before arriving at the decision to bid for additional resources,
 - the full cost of the bid over at least a five-year period to reflect any potential growth or reduction in costs over the period,
 - any income that could be potentially generated to offset the cost of the bid,Members will decide which bids will be supported following the outcome of the financial appraisal.
- (c) The revenue effects of any capital investment proposals must be identified and incorporated into the revenue budget.
- (d) Savings and efficiency proposals, which again must be accompanied by a full financial appraisal, must be submitted by November each year. Members will decide on the proposals to be taken forward following the outcome of the financial appraisal.
- (e) Changes to Council priorities which require the redistribution of resources must be identified,

- (f) The level of support provided by the Government through the Revenue Support Grant needs to be incorporated into the MTFP.

The potential financial impact of the new budget discipline is not currently wholly reflected in the MTFP, as in some cases it represents the first stage in assessing the options available to the Council to bridge the likely budget deficit over the next five years.

5.2 Consultation

The Executive approves its draft budget proposals in December each year. There then follows a formal consultation period (usually 4 weeks) when any interested person can submit their views on the proposals to the Council. This can be done by post, telephone or on-line through the Council's web-site.

In addition, formal consultation meetings are held with:

- The Large Employers Affinity Group (to include any Non Domestic Ratepayers)
- Trades Unions

The Council's Resources Overview and Scrutiny Panel also have a role in scrutinising the budget proposals.

The Executive considers feed back from the consultation process, before making its final recommendations to Council in February each year.

The Council has a Consultation Policy and is a member of Community Voice, a Cumbria wide collaboration of District Councils, Cumbria County Council, the police and PCT that consults local people regularly on their views with the intention of improving services. The results of the consultations inform policy development and feed into the Carlisle Plan, MTFP and other individual service plans.

5.3 Value for Money

The Council is committed to a continuous programme of service improvement. The new budget discipline being developed will challenge how services are delivered across the Council to improve efficiency and deliver improved value for money. The Council has adopted a series of mechanisms to assess how it is performing in this area and these are being developed to include:

- Improved financial and service planning over both the short and long term,
- Involving and consulting customers about the way services are provided to see if they meet customer aspirations,
- Supply and demand analysis,
- Customer satisfaction surveys, focus groups and user groups,
- Performance management, benchmarking and the adoption of best practice in service delivery,
- Service reviews, including developing efficiency targets,
- Financial appraisal of projects taking account of quality, price and lifetime costs,
- Improved budgetary control mechanisms,
- Full risk assessments of proposals to change service provision,
- Attracting as much external investment as possible so the Council's resources go further,
- Member involvement through the Audit Committee and Overview and Scrutiny Panels,
- The adoption of shared services, where this is proven to benefit the Council both financially and in the quality of service delivery.

RISK ASSESSMENT

There are a number of inherent risks in the strategy as proposed and these are identified in **Appendix G**. It is the responsibility of the Director of Resources in conjunction with other Directors to ensure that these risks are properly managed and risk mitigation measures taken where necessary.

Individual responsibilities are set out in the Financial Procedure Rules.

SUMMARY

The purpose of the MTFP is to provide members with forecasts of the likely financial position of the Council over the next five years to enable informed decisions on actions needed to achieve financial stability within agreed Council policies.

The MTFP presents a snapshot of the current financial position and will inevitably change over time. This will be monitored and reported throughout the year. The ultimate aim of the MTFP is to help members to make more informed financial decisions and therefore contribute to an improvement in its use of resources.

APPENDIX A

Carlisle City Council – Current Financial Projections for the period to 2019/20

2014/15 Budget £000	Summary Net Budget Requirement	2015/16 Proj'd £000	2016/17 Proj'd £000	2017/18 Proj'd £000	2018/19 Proj'd £000	2019/20 Proj'd £000
Projected Resources						
(5,999)	Council Tax Income	(6,016)	(6,153)	(6,292)	(6,436)	(6,582)
(3,108)	Revenue Support Grant	(2,269)	(2,277)	(2,182)	(2,083)	(2,083)
(2,970)	Retained Business Rates	(3,052)	(3,145)	(3,240)	(3,339)	(3,339)
(500)	Business rate Pooling	(500)	(500)	(500)	(500)	(500)
(35)	Estimated Council Tax Surplus	(35)	(35)	(35)	(35)	(35)
(54)	Parish CTRS Grant	(54)	(54)	(54)	(54)	(54)
(424)	Parish precepts	(436)	(448)	(461)	(474)	(487)
(13,090)		(12,362)	(12,612)	(12,764)	(12,921)	(13,080)
Recurring Revenue Expenditure						
11,632	Existing Expenditure	11,143	12,166	13,106	13,965	14,824
1,492	New Spending Pressures	1,924	2,385	2,602	3,165	3,165
(426)	Budget Reductions	(2,195)	(2,485)	(3,597)	(4,609)	(4,609)
12,698	Total Recurring Expenditure	10,872	12,066	12,111	12,521	13,380
Non Recurring Revenue Expenditure						
179	Existing Commitments	0	0	0	0	0
1,016	Spending Pressures	122	0	0	0	0
(1,392)	Budget Reductions	(228)	0	0	0	0
0	Use of Earmarked Reserves	0	0	0	0	0
768	Carry Forward	0	0	0	0	0
13,269	Current Revenue Expenditure	10,766	12,066	12,111	12,521	13,380
478	Parish Precepts	490	502	515	528	541
13,747	Total Revenue Expenditure	11,256	12,568	12,626	13,049	13,921
(657)	Contribution to/(from) Reserves	1,106	44	138	(128)	(841)
13,090	Net Budget for Council Tax Purposes	12,362	12,612	12,764	12,921	13,080

APPENDIX B

Current Financing the Revenue Budget

Indicative forecasts of how the Council's projected gross budget will be financed for the period 2014/15 to 2019/20 are as follows: -

Source	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Council Tax (incl. Parishes)	6,423	10.71	6,452	10.33	6,601	10.46	6,753	10.40	6,910	10.41	7,069	10.48
Formula Grant	3,162	5.27	2,323	3.72	2,331	3.69	2,236	3.44	2,137	3.22	2,137	3.17
Retained Business Rates	3,470	5.79	3,552	5.69	3,645	5.77	3,740	5.76	3,839	5.78	3,839	5.69
Collection Fund Surplus	35	0.06	35	0.06	35	0.06	35	0.05	35	0.05	35	0.05
Net Budget for Council Tax Purposes	13,090	21.83	12,362	19.80	12,612	19.98	12,764	19.67	12,921	19.46	13,080	19.39
Grants and Contributions (assumed a 2.8% increase per annum)	35,998	60.03	37,006	59.26	38,042	60.27	39,107	60.25	40,202	60.56	41,328	61.26
Other Income (assumed a 3.8% increase per annum)	11,532	19.23	11,970	19.17	12,425	19.68	12,897	19.87	13,387	20.17	13,896	20.60
Reserves and Balances	(657)	(1.10)	1,106	1.77	44	0.07	138	0.21	(128)	(0.19)	(841)	(1.25)
Total Gross Budget	59,963	100.00	62,444	100.00	63,123	100.00	64,907	100.00	66,383	100.00	67,463	100.00

The use of Reserves and Balances varies from the Budget Resolution approved by Council in February 2014 as a result of the 2013/14 outturn position and the carry forward of £768,000 into 2014/15.

APPENDIX C

Subjective Analysis of the Forecast Gross Budget

The detailed subjective figures from 2014/15 will become available as part of the budget process.

Source	2014/15		2015/16		2016/17		2017/18		2018/19		2019/20	
	£000	%	£000	%	£000	%	£000	%	£000	%	£000	%
Employees	17,172	28.64										
Premises	3,442	5.74										
Transport	1,334	2.22										
Supplies & Services	5,590	9.32										
Third Party Payments	3,542	5.91										
Transfer Payments	28,037	46.76										
Support Services (Net)	(2,018)	(3.37)										
Capital Financing	1,618	2.70										
Precepts	478	0.80										
Supplementary Estimates	0	0.00										
Carry Forward Requests	768	1.28										
Total Gross Budget	59,963	100	62,444	0	63,123	0	64,907	0	66,383	0	67,463	0

APPENDIX D

CORPORATE CHARGING POLICY 2014

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.

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

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

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

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

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

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

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

4. Trading

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

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

5 Value For Money

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

Council Policy on the Level and Use of Reserves

1. General

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

2. The General Fund Reserve

- 2.1. The balance on the General Fund shall broadly equal £2.6m. This figure is assessed taking into account the risks and working balances required, including investment income generated, it is considered prudent to leave the reserve at this level. A risk based assessment of the appropriate level of this reserve was carried out for the 2014/15 budget process and this is attached overleaf.
- 2.2. If the balance in the short-term falls below £2.6million, the Council will top-up the balance to this level from the General Fund Income and Expenditure Account.
- 2.3. If the balance in the short-term exceeds £2.6million then the surplus will be transferred to the Council's Project Reserve.

3. Earmarked Reserves

- 3.1. Earmarked reserves will not be used for recurring items of expenditure, nor become over-committed.
- 3.2. For each earmarked reserve there will be a clear protocol in place setting out: -
 - The purpose of the reserve.
 - How and when the reserve can be used.
 - Procedures for the management and control of the reserve.
 - Processes for the review of the use of the reserve to ensure that it continues to have an adequate level of funds and remains relevant to the business of the Council.

4 Provisions

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

5 Charitable and Other Bequests

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

6 The Responsibilities of the Director of Resources

- 5.1 The Director of Resources will review each reserve and its protocol annually and produce a report for the Executive as part of the annual accounts process detailing: -
- Compliance with the use of reserves and associated protocols,
 - Movements in the level of reserves, including the purposes for which reserves were used during the previous financial year,
 - The adequacy of the level of reserves and the effects on the Council's budget requirement,
 - Any reserves which are no longer required,
 - Proposals to set up new reserves, including purposes, protocols, funding sources and potential impact on the Council's Medium-Term Financial Plan.
- 5.2 The Director of Resources will review this policy at least annually and will obtain the approval of the Council for any change required to either the policy or protocols associated with specific reserves.

RISK ASSESSMENT OF LEVEL OF RESERVES - 2015/16

Potential Risk	Risk Score	Weighting	Financial Exposure (£000)	Balance Required (£000)	Comment (Basis of Financial Exposure)
Base Budget Contingency for inflation or other unanticipated rise.	4	50%	109	54	Assumed at 1% of Net Revenue Recurring Budget
Underachievement of Charges Income targets and spending exceeds budgets	4	50%	214	107	Estimate of 5% Charges Income forecasts for 2014/15
Underachievement of Investment Income	4	50%	250	125	1% of exposure of average balance of £25m
Civil Emergencies	6	75%	170	128	Bellwin scheme cuts in at 0.2% of Net Budget (£28,800) and provides for up to 85% of eligible costs (assume £1m cost - not covered by insurance)
Insurance Excesses	2	25%	25	6	Based on 5% of insurance premia payments
Fall in Rental Income from Property	6	75%	225	169	5% of Rental Income (assumed at £4.5m for 2014/15)
Transformation not met	1	25%	1,839	460	2015/16 Transformation Target
Changes to existing government funding regimes	4	50%	723	361	Safety Net Threshold for Business Rates Retention Scheme + Business Rate Pooling
Additional Redundancy Costs	2	25%	400	100	Not met from Transformation Reserve
Dependence on reserves and general balances	3	25%	538	135	General Fund Reserve Balance - Audit Commission Guidance states prudent level is 5% of Net Revenue Expenditure
Emergency Contingency		100%	1,000	1,000	Emergency contingency fund - Council practice to allocate £1m for any unforeseen emergencies
TOTALS			5,493	2,645	
Maximum Risk Based Reserve Balances					5,493
Minimum Risk Based Reserve Balances					1,373
Current Level of Reserves (Projected as at 31/03/14) (General Fund)				2,439	(Less Carry Forwards, and funding required to meet 14/15)
Projected Shortfall/(Excess) of Current Reserve Balance over Risk Based				-206	

PROTOCOLS FOR THE USE OF COUNCIL RESERVES

Reserve	Estimated Balance 31/3/14	Purpose	Conditions of Use
Capital Reserves	£000		
Usable Capital Receipts	5,643	To provide funds to support the capital programme	Capital receipts can only be used to support capital spending or the repayment of debt. Management of the use of the receipts rests with the Director of Resources but approval of their use must be given by Council.
Asset Disposal Reserve	370	To provide resources to purchase properties and fund associated revenue costs (e.g. marketing) required as part of the Carlisle Renaissance project. To provide resources for investment in the Council's industrial estates to ensure rent yields are maintained / increased	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.
CLL Reserve	522	To provide funds to purchase equipment from CLL Ltd, should the leisure management contract either not be renewed or be terminated due to breach of contract on the part of CLL Ltd.	Management of the reserve rests with the 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.
Lanes Capital Reserve	369	To provide funds to meet potential exceptional capital works under the terms of the lease agreement.	Management of the reserve rests with the Director of Resources who will be responsible for developing proposals requiring funding from the reserve. Approval to release funds from the reserve can only be given by the Council.

Reserve	Estimated Balance 31/3/14	Purpose	Conditions of Use
Revenue Reserves	£000		
General Fund Reserve	3,945	To be a general working capital / contingency to cushion the Council against unexpected events and emergencies	<p>Management of the reserve rests with the Director of Resources. The use of the reserve is dependent on judgements taken when setting the Council's revenue budget on: -</p> <ul style="list-style-type: none"> – Cash flow requirements, – Inflation and interest rates, – Demand led budget pressures, – Efficiency and productivity savings, – The availability of funds to deal with major unexpected events or emergencies, – Risks arising from significant new funding partnerships, major outsourcing arrangements or major capital developments. <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>
Projects Reserve	0	The balance at 31 st March 2014 shall be earmarked to support potential revenue budget shortfalls identified by the 2014/15 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 Director of Resources. Funding for the Reserve will be provided by windfall gains over and above those required to maintain the General Fund at its approved level, balances on reserves that are no longer needed and proceeds from the Local Authority Business Growth Incentive Scheme.</p> <p>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>
Collection Fund (Carlisle Share)	(112)	To be the collection account for sums due from local taxpayers.	<p>Management of the fund rests with the Director of Resources. The use of the Fund is determined by statute. The main use is to adjust the level of Council Tax required in any one year to reflect surpluses or deficits on collection targets in prior periods.</p>

Reserve	Estimated Balance 31/3/14	Purpose	Conditions of Use
Revenue Reserves (contd.)	£'000		
Residents Parking Reserve	(116)	To provide funds for small projects consistent with the Local Transport Plan.	Management of the reserve rests with the Director of Local Environment but can only be used with the agreement of Cumbria County Council. Use of the reserve should be accompanied by a report to Council providing details of the projects supported by the Reserve. Funding is provided from the balance generated by the Residents Parking Initiative and must be reported to Cumbria County Council annually.
Building Control Reserve	20	To provide funds for improvements to the delivery of the Building Control function.	Management of the reserve rests with the Director of Economic Development The balance is ring-fenced by statute to support improvements to the Building Control Service and is not available for general use by the Council. Funding is provided from surpluses generated by the service annually. Approval to release funds from the reserve can only be given by the Council either as part of the budget process, or through consideration of supplementary estimates on an ad-hoc basis.
Conservation Reserve	117	To purchase historic buildings at risk or fund repairs and / or improvements to historic buildings	Management of the reserve rests with the Director of Economic Development. Funding is provided from the sale of property. Approval to release funds from the reserve can only be given by the Executive of the Council.
LSVT Warranties	0	To provide funds to meet claims arising in years 13 –25 following transfer of the housing stock in 2002 under environmental warranties given at the time of the transfer, when insurance has expired	Management of the reserve rests with the Director of Resources. The reserve is only able to be used to meet defined costs and is not available for general use by the Council. Approval to release funds from the reserve can only be given by the Council. Funds were transferred into General Fund during 2013/14
Licensing Reserve	0	This is a ringfenced surplus carried forward to fund future year's expenditure.	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.
Transformation Reserve	436	To fund any one off costs associated with transformation project	Management of the reserve rests with the Chief Executive. Approval to release funds from the reserve can only be given by the Executive of the Council.

Reserve	Estimated Balance 31/3/14	Purpose	Conditions of Use
EEAC Reserve	52	To hold the residual funds of the service pending future decisions with regard to the service	Management of the reserve rests with the Director of Economic Development. Approval to release funds from the reserve can only be given by the Executive of the Council.
Cremator Reserve	212	To build up resources to replace cremators when required	Management of the reserve rests with the Director of Local Environment. Approval to release funds from the reserve can only be given by the Executive of the Council.
Welfare Reform Reserve	200	To meet one off costs associated with the Welfare Reform bill and introduction of Universal Credit	Management of the reserve rests with the Director of Resources. Approval to release funds from the reserve can only be given by the Executive of the Council.

APPENDIX F

City Council Reserves Projections

Members should note that these financial projections now reflect the 2013/14 outturn position.

Analysis of Council Reserves	Outturn 31 March 2014 £000	Projected 31 March 2015 £000	Projected 31 March 2016 £000	Projected 31 March 2017 £000	Projected 31 March 2018 £000	Projected 31 March 2019 £000	Projected 31 March 2020 £000
Revenue Reserves							
General Fund Reserve	(3,945)	(2,557)	(2,600)	(2,600)	(2,600)	(2,600)	(2,276)
Projects Reserve	0	0	(463)	(507)	(645)	(517)	0
LSVT Warranties Reserve	0	0	0	0	0	0	0
Conservation Reserve	(117)	(117)	(117)	(117)	(117)	(117)	(117)
Collection Fund (Carlisle Share c	112						
Residents Parking Reserve	116						
Transformation Reserve	(436)		(600)	(600)	(600)	(600)	(600)
EEAC Reserve	(52)	0					
Building Control Reserve	(20)						
Cremator Reserve	(212)						
Welfare Reform Reserve	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Licensing Reserve	0	0	0	0	0	0	0
Total Revenue Reserves	(4,754)	(2,874)	(3,980)	(4,024)	(4,162)	(4,034)	(3,193)
Capital Reserves							
Usable Capital Receipts	(5,273)	(285)	(2,639)	(1,899)	152	936	1,440
Asset Disposal Reserve	(370)	(360)	(360)	(360)	(360)	(360)	(360)
CLL Reserve	(522)	(522)	(522)	(522)	(522)	(522)	(522)
Lanes Capital Reserve	(369)	(384)	(399)	(414)	(429)	(444)	(459)
Total Capital Reserves	(6,534)	(1,551)	(3,920)	(3,195)	(1,159)	(390)	99
Total Usable Reserves	(11,288)	(4,425)	(7,900)	(7,219)	(5,321)	(4,424)	(3,094)
Other Technical Reserves*	(109,586)						
Total All Reserves	(120,874)						

* Other Reserves are of a technical nature and are not cash backed. They are not therefore available either to fund expenditure or to meet future commitments.

RISK ASSESSMENT

Risk	Likelihood	Impact	Mitigation
The assumptions contributing to the Financial Plan prove to be incorrect.	Remote	Marginal	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Spending exceeds budget or assumed income levels not achieved	Reasonably probable	High	Regular budgetary monitoring reports. Updates to medium term financial strategy.
Unforeseen spending	Remote	Marginal	Budget Monitoring. Adequate contingency reserve. Updates to medium term financial strategy.
New Schemes / Initiatives (including VAT)	Reasonably Probable	Marginal	Review priorities. Assess effects on budget. Updates to medium term financial strategy.
Dependence on reserves and general balances	Reasonably Probable	High	Compliance with CIPFA / Audit Commission recommendations on level of balances and reserves.
Transformation Savings not achieved	Probable	High	Review budget forecasts regularly and continually adjust for known and likely variations that impact on the forecast.
Changes to existing Government funding regimes e.g. RSG, Housing Benefits	Probable	High	Review service priorities, assess other funding opportunities, update medium term financial strategy.

Report to Council

Agenda
Item:

17(iv)

Meeting Date: 9 September 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD14/14
Within Policy and Budget Framework YES
Public / Private Public

Title: CAPITAL STRATEGY 2015/16 TO 2019/20
Report of: DIRECTOR OF RESOURCES
Report Number: RD19/14

Purpose / Summary:

The Council's Capital Strategy is intended to direct the Council's Capital Programme and the allocation of resources for the five-year period 2015/16 to 2019/20. The guidance in this strategy complements and supplements the Medium Term Financial Plan.

The Capital Strategy has been considered by the Executive and the Resources Overview and Scrutiny Panel.

Recommendations:

The Council is asked to approve the Capital Strategy for the period 2015/16 to 2019/20.

Tracking

Executive:	21 July 2014
Overview and Scrutiny:	7 August 2014
Executive	18 August 2014
Council:	9 September 2014



CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2015/16 TO 2019/20

SEPTEMBER 2014

CARLISLE CITY COUNCIL

CAPITAL STRATEGY 2015/16 to 2019/20

1. Policy and Context

The Capital Strategy is a key policy document for the Council and provides guidance on the Capital Programme and the use of capital resources. The strategy reflects the links to other Council plans and is based on the guidance in the Medium Term Financial Plan (MTFP).

The objectives of the Capital Strategy are to: -

- Ensure that capital investment decisions and capital resources contribute to the achievement of the Council's corporate priorities.
- Co-ordinate the strategic priorities emerging from service planning and ensure that investment opportunities are maximised.
- Manage performance and decision-making processes to help achieve the best use of available capital resources.
- Set out processes to monitor and evaluate proposed and actual capital spending on projects to ensure that value for money is obtained.

Capital spending is strictly defined and is principally incurred in buying, constructing or improving physical assets such as buildings, land and vehicles, plant and machinery. It also includes grants and advances to be used for capital purposes.

2. Overall Strategy Guidelines

The strategy has been developed using the following overarching guidelines: -

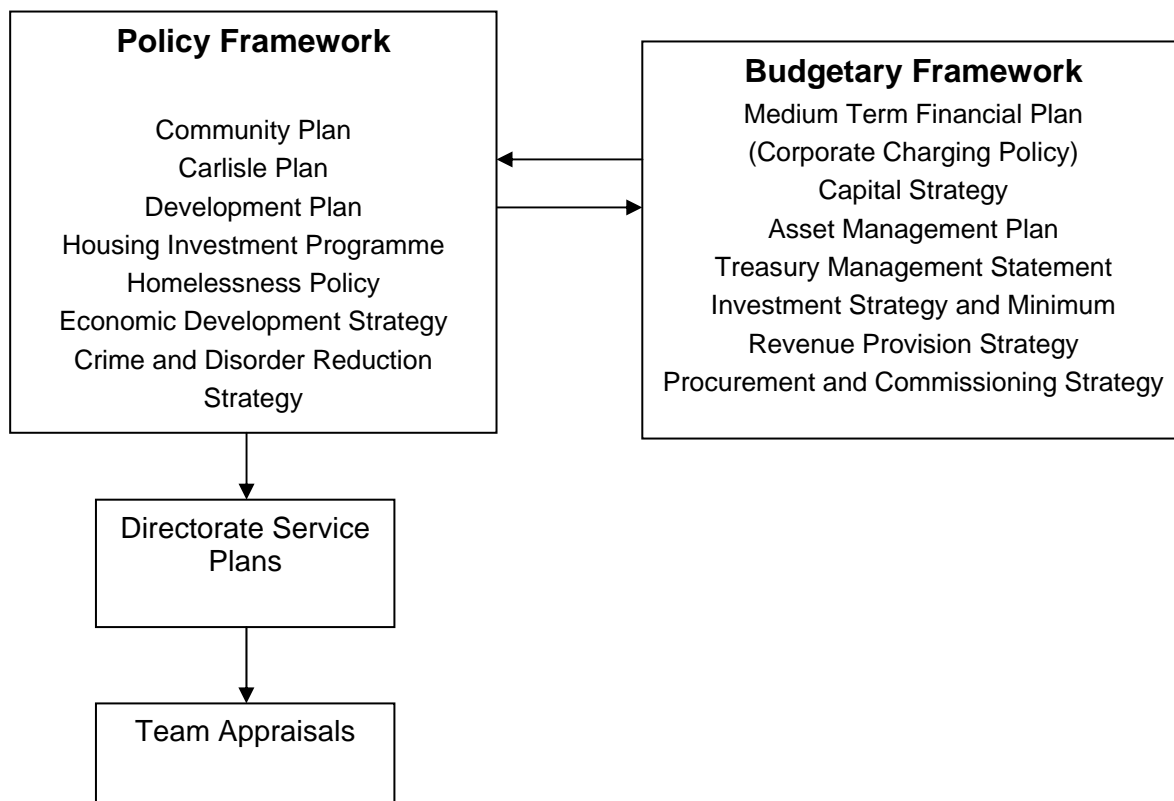
- Capital resources are held corporately and are allocated according to the priorities set out in the Carlisle Plan (i.e. there is no automatic ring-fencing of resources for specific purposes with the exception of the repayment of Renovation grants).
- Capital receipts, including Preserved Right to Buy (PRTB) receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy.
- Specific repayments of Renovation Grants will be reinvested in the programme and be used to support Private Sector Renewal Grants.
- Income generated from the sale of vehicles, plant and equipment will be reinvested in the programme and be used initially to fund future replacements.
- The Council will seek to maximise the use of grants and external funding.
- The Council is committed to deliver capital investment with partners to maximise benefits where this fits with Council priorities.
- Redirection of capital resources from one project to another will be contained within existing budgets, unless increases can be justified through the budget process.
- Capital budgets are generally cash-limited i.e. no provision is made for inflation which effectively means that over time there is a real reduction in the value of resources allocated to specific capital projects.
- Council Tax increases will be limited to fair and reasonable levels. This requires a full assessment of the revenue consequences of capital projects and their respective methods of finance.

3. The Council's approach to corporate planning

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

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

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



Community Plan

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

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

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

Directorate Service Plans

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

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

Other Council Strategies, Plans and Policies

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

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

4. Capital Programme Forecasts

4.1 Current Forecasts

The Council has previously considered detailed proposals for capital spending and associated financing implications for the period 2014/15 to 2018/19. These are summarised in the Council Budget Resolution approved on 20 February 2014.

This report updates the projections to cover a further year. This aims to provide more effective planning in the longer term. The aim may be to increase this period to 10 years.

The key assumptions in the projections are as follows:

- The Capital Programme considered by Council in February assumed a programme of £7.217m for 2014/15 and £8.007m for 2015/16. The impact of the 2013/14 outturn and the carrying forward of budgets into 2014/15 and other adjustments has increased the programme to £9.716m in 2014/15.

The current full 5 year programme (before being reviewed) is attached at **Appendix A** with a summary below at **Table 1**. Work is continuing to allocate resources to the new Council priorities.

Table 1 – Current Proposed Programme

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Current Proposed Programme	9,716	8,359	2,589	2,480	1,741	1,428

4.2 Future Forecasts

The current capital programme forecasts spending on capital projects of around £1-£2.5m p.a. for years 2017/18 to 2019/20. Past experience has indicated that actual spending will be far higher and this is due mainly to the fact that a number of initiatives are still at an early stage of development and so are not yet included in the projections.

- (i) Asset Review Programme – Capital purchases from the receipts generated by asset sales were removed from the capital programme as part of the 2014/15 budget process as the receipts are being reinvested to finance the overall capital programme.
- (ii) Vehicle Replacement Programme - The current capital programme includes a minimal budget for vehicle replacements. The refuse fleet and other street cleansing vehicles are due for replacement from 2015 and options need to be considered as to how these will be funded and whether existing vehicles can be replaced later. Given current capital resources it will be unlikely they will be able to be bought from existing capital receipts, so other options such as borrowing and leasing will have to be considered should the vehicles still need replacing.

The position on the above schemes will need to be updated during the budget process when an indication of capital schemes coming to fruition and their timing can be made more accurately. The inclusion of any of these projects in the capital programme will be subject to the appraisal of a full business case, which will include an assessment of fit with corporate priorities, prior to formal approval for inclusion in the programme by Council.

5. **Capital Resource Forecasts**

The Council's capital programme can be financed, (or paid for), through a number of sources and the Director of Resources will make recommendations on the most effective way of financing the Capital Programme to optimise the overall use of resources. The availability of staff resources to deliver the approved programme will need to be considered during the budget process. **Table 2** shows the estimated level of capital resources, which will be generated over the next five years.

Table 2 – Estimated Capital Resources (Based on current programme)

Resources Available	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Capital Grants	(1,599)	(663)	(663)	(663)	(663)	(663)
Capital Receipts (General & Preserved Right to Buy)	(660)	(410)	(410)	(410)	(260)	(260)
Capital Receipts (Asset Business Plan)	(1,925)	(4,539)	0	0	0	0
Total Capital Resources	(4,184)	(5,612)	(1,073)	(1,073)	(923)	(923)
Borrowing Requirement (Revised)	0	(5,000)	0	0	0	0
Direct Revenue Financing	(174)	(101)	(66)	(66)	(34)	(2)
Total	(4,358)	(10,713)	(1,139)	(1,139)	(957)	(925)

The current assumptions included in this strategy for each of the available financing sources are as follows:

(i) Borrowing

Rules on borrowing have been relaxed since the introduction of the Prudential Code in April 2004. As a consequence, any new borrowing taken out is now known as unsupported borrowing. This effectively means that the Council can borrow as much as it wishes to pay for its capital programme, providing that repayments are affordable and can be met from the Council's revenue budget.

(ii) Capital Receipts

Capital Receipts arise principally from the sale of Council capital assets. In the past the bulk of the receipts were received from a Preserved Right to Buy (PRTB) sharing agreement with Riverside Group, following the transfer of the housing stock in December 2002. Capital receipts are forecast to remain fairly constant at £0.40million p.a. for the period under review, dropping to £0.260million p.a. from 2018/19 onwards. However, for 2014/15 there are specific additional items that increase this figure to £0.66million. These figures comprise: -

- £150,000 to be received from PRTB sales under the sharing agreement with Riverside in 2014/15. Updated projections will be requested from Riverside Group which will be included in the final version of the report once received but early indications show that there will be a significant reduction in the level of receipts generated from PRTB sales which has not yet been taken into account. For information £413,000 was received in 2013/14. This agreement ceases on 31 March 2018.
- £10,000 p.a. from receipts arising from the Raffles development, which it is forecast will continue to be generated for the next 11 years.
- An assumption that the Council will generate £250,000 p.a. over the life of the plan from the sale of other Council surplus assets (to be refined during the budget process).
- £250,000 from the sale of London Road Hostel now the new Womens and Families Hostel is completed.

Capital receipts, including PRTB receipts, will be allocated in accordance with Council priorities and in particular to support sustainable communities and the Housing Strategy. 'Sustainable communities' has a wide-ranging definition, which is included at **Appendix B** for

information. There has previously been an expectation from the Government that the PRTB receipts will be used to benefit the delivery of the sustainable community.

The Asset Business Plan assumes that a further £6.5million of capital receipts will be generated from 2014/15. A significant capital receipt was removed from during the 2014/15 budget process until more certainty over its materiality can be ascertained. The expectation is that this receipt will be set aside to enable the future repayment of debt. A reprofiling exercise has been carried out to revise the expected date of these capital receipts.

Asset Business Plan Resources	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Original Schedule	(5,134)	(1,340)	0	0	0	0
Amendment	3,209	(3,199)	0	0	0	0
Revised Asset Business Plan Resources	(1,925)	(4,539)	0	0	0	0

The Council also receives a small amount from repayments of improvement grants arising as a result of property sales. The Council has approved a change in policy whereby receipts of this nature are now to be used specifically to support Housing Private Sector Renewal initiatives. However given the scale of the potential receipts, for the purpose of this report, they are not separately identified and are included within general capital receipts.

As a result of revised Capital Financing Regulations, the Council prepares an annual Minimum Revenue Provision (MRP) Strategy, which was approved by Council in February 2014. During 2008/09, the Council took advantage of an accounting amendment, which generated substantial short-term savings to the authority's revenue budget. This involves the voluntary set aside of unapplied capital receipts. As these capital receipts are spent there will be an adverse impact on the revenue account both in terms of the amount of investment interest received and the level of MRP charged in the year. The Council continues to use this strategy of setting aside any surplus receipts each year in order to minimise its MRP requirement. The cash from these receipts is still available to support capital expenditure.

Central Government have recently made an announcement of a £2m investment to Cumbria Local Enterprise Partnership for improved access to Durranshill Industrial Estate. A further report will be presented for approval once further information is available.

(iii) Reserves and Balances

The Council currently maintains a reserve to support capital spending - the Asset Investment Reserve. Further information on all of the Council reserves is set out in more detail in the Council's Policy on the Use of Reserves contained within the MTFP.

- Asset Investment Reserve**

The Asset Investment Reserve currently stands at £0.4m, the use of which is subject to Council approval. The remaining balance in the reserve is the remainder of £1m built up from contributions from the Industrial Estates capital programme.

(iv) Government and Other Capital Grants and External Funding

The Government have made changes to capital grants and capital funding, for example removing ring fencing from certain grants etc. Further developments and announcements may impact on the amount of capital grants and funding available to the Council.

The Council currently receives capital grants to support its Disabled Facilities Grants (DFG) programme. From 2014/15, the level of grant provided to the Council is £663,000 and the requirement for the Council to fund 40% of the cost has been withdrawn.

(v) Revenue Contributions

The Council is free to make contributions from revenue to finance capital spending. A number of invest In practice however, and given the severe restrictions on the level of revenue spending needed to keep Council Tax at acceptable levels, it is not anticipated that any revenue contributions will be made over the period 2014/15 – 2019/20 to provide resources for capital spending. Where there have been specific 'invest-to-save' projects that have utilised capital resources, these are being 'repaid' to capital through the revenue savings that have been generated. Due to the pressure on the Council's Revenue budget and reserve projections, the opportunity will be taken wherever possible to maximise the use of capital resources rather than revenue resources. This is because capital resources can only be used to finance capital schemes, whereas revenue reserves and balances can be used to support both revenue and capital schemes and therefore gives more flexibility.

6. Summary Capital Spending and Financing

As set out in the Table below, there is currently £5.6m uncommitted capital resources available to support any future capital programme up to 2017/18.

The capital resources shown below highlight that there will be a borrowing requirement of £0.142m in 2017/18 increasing to £0.926m in 2018/19 and £1.429m in 2019/20. This borrowing requirement will be met in the first instance through 'Internal Borrowing', i.e. running down the Council's cash investments.

Table 3 – Summary Programme

Summary Programme	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Estimates Resources 31 March 2014	(5,643)	0	0	0	0	0
In Year Impact:						
Estimated Resources available (Table 2)	(4,358)	(10,713)	(1,139)	(1,139)	(957)	(925)
Current Proposed Programme (Table 1)	9,716	8,359	2,589	2,480	1,741	1,428
In year projected (surplus)/Deficit in Resources	5,358	(2,354)	1,450	1,341	784	503
Total	(285)	(2,639)	(1,189)	152	936	1,439

7. Council Budget Process

- 7.1 The Council operates on a five-year budget cycle, which starts in July with consideration of the MTFP including this Capital Strategy. As the year progresses, services submit capital and revenue bids for service development or to address pressures identified in their respective service plans in accordance with Council priorities. Capital bids have a role to play

in developing the Council's revenue budget as in very many cases, a capital project will result in the Council having to budget for ongoing revenue costs in future years.

7.2 The Council has set up a formal appraisal system to assess individual capital projects before they are included in the capital programme, and therefore before committing revenue resources. The Corporate Programme Board (CPB) undertakes this to determine: -

- Whether the project meets corporate and service priorities,
- Whether all costs are reasonable and affordable,
- Whether all options to deliver the project have been considered.
- Impact on Revenue budget.
- Any VAT issues

Capital bids are only put forward to members as recommended schemes when this appraisal process is completed satisfactorily.

8. Evaluation and Monitoring of Capital Projects

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

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

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

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

9. Risk Assessment

The past performance of the capital programme flags up some key risks that need to be addressed to ensure best use is made of the Council's capital resources. The risk assessment for the capital programme is attached at **Appendix C**.

10. Summary

This strategy is designed to outline the processes and risks the Council needs to consider when developing a capital programme that meets corporate and service objectives. It also provides information on the likely level of capital investment that the Council will be able to support over the next five years and gives an indication of the level of resources that will be required, and that are available, to deliver this investment through the capital programme.

Current Capital Programme

Capital Schemes	2014/15 £000	Projected 2015/16 £000	Projected 2016/17 £000	Projected 2017/18 £000	Projected 2018/19 £000	Projected 2019/20 £000
Disabled Facilities Grants	863	863	863	863	863	863
Planned Enhancements to Council Property	366	300	300	300	300	300
Vehicles & Plant	323	1,109	1,221	1,113	383	265
ICT Shared Service	320	197	205	204	195	0
Asset Business Plan	3,200	0	0	0	0	0
Public Realm S. 106 works	690	0	0	0	0	0
Arts Centre	1,055	0	0	0	0	0
Harraby School Community Campus Contr	1,100	500	0	0	0	0
Old Town Hall / Greenmarket	1,070	390	0	0	0	0
Leisure Facilities	0	5,000	0	0	0	0
Sheepmount Road	30	0	0	0	0	0
Bitts Park Access	10	0	0	0	0	0
CCTV Initiative	89	0	0	0	0	0
Enterprise Centre / West Walls	70	0	0	0	0	0
Empty Property Initiative	209	0	0	0	0	0
Public Realm Improvements	100	0	0	0	0	0
Clean Up Carlisle	20	0	0	0	0	0
Employee Payment System	21	0	0	0	0	0
Families Accommodation	15	0	0	0	0	0
Cenotaph & War Memorials	61	0	0	0	0	0
Kingstown Industrial Estate	10	0	0	0	0	0
Connect 2 Cycleway	8	0	0	0	0	0
Waste Optimisation Software	9	0	0	0	0	0
Play Area Improvements	69	0	0	0	0	0
Castle Street Public Realm	8	0	0	0	0	0
Total Capital Programme	9,716	8,359	2,589	2,480	1,741	1,428

Sustainable Communities

In February 2003 the ODPM produced a document called 'Sustainable Communities: building for the future' which provided a summary of the key requirements of a sustainable community as shown below.

1. A flourishing local economy to provide jobs and wealth;
2. Strong leadership to respond positively to change;
3. Effective engagement and participation by local people, groups and businesses, especially in the planning, design and long-term stewardship of their community, and an active voluntary and community sector;
4. A safe and healthy local environment with well-designed public and green space;
5. Sufficient size, scale and density, and the right layout to support basic amenities in the neighbourhood and minimise use of resources (including land);
6. Good public transport and the transport infrastructure both within the community and linking it to urban, rural and regional centres;
7. Buildings – both individually and collectively – that can meet different needs over time, and that minimise the use of resources;
8. A well-integrated mix of decent homes of different types and tenures to support a range of household sizes, ages and incomes;
9. Good quality local public services, including education and training opportunities, health care and community facilities, especially for leisure;
10. A diverse, vibrant and creative local culture, encouraging pride in the community and cohesion within it;
11. A 'sense of place';
12. The right links with the wider regional, national and international community.

Capital Programme – Risk Assessment

Risk	Likelihood	Impact	Mitigation
Capital projects are approved without a full appraisal of the project and associated business case.	Reasonably Probable	Marginal	Strengthen the role of Corporate Programme Board when considering capital project appraisals, to include consideration of business cases
Full capital and revenue costs of a project not identified.	Reasonably Probable	Marginal	Capital spending must meet statutory definitions. Financial Services to regularly review spending charged to capital. Appraisals to identify revenue costs, including whole life costs to improve financial planning. This may need to be reviewed if major schemes progress, e.g. Sands
VAT partial exemption rules are not considered.	Reasonably Probable	Marginal	Reduced impact following the decision to elect to tax land and property. To be considered as part of Project Appraisals and assessed by Financial Services.
Capital projects are not delivered to time	Reasonably Probable	High	Significant slippage in the current capital programme. Better project management skills to be introduced through PRINCE 2. Project managers to take more ownership and responsibility for the delivery of projects. The review of the capital programme currently underway will address some of these issues.
Capital projects are not delivered to budget. Major variations in spending impact on the resources of the Council.	Reasonably Probable	Marginal	Improved capital programme monitoring through PRINCE 2 and monthly financial monitoring. Corrective action to be put in place where necessary.
Assumptions on external funding for capital projects are unrealistic	Probable	High	Potential shortfalls arising from changes to external funding have to be met from other Council resources, so assumptions need to be backed by firm offers of funding before projects are submitted for appraisal. Risk increased due to uncertainty around funding, e.g. NWDA grants
Spending subject to specific grant approvals e.g. housing improvement grants, disabled persons adaptations varies from budget	Remote	Marginal	Specific grants are generally cash limited so variations in projects supported by funding of this nature will be monitored closely to ensure target spend is achieved to avoid loss of grant or restrictions on subsequent years grant funding.
Shortfall in level of capital resources generated from PRTB/Capital Receipts	Probable	High	Economic downturn will impact - early warning so as not to over commit capital resources.

Report to Council

Agenda
Item:

17(v)

Meeting Date: 09 September 2014
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD.015/14
Within Policy and Budget Framework YES
Public / Private Public

Title: ASSET MANAGEMENT PLAN 2014 - 2019
Report of: Director of Governance
Report Number: GD 35/14

Purpose / Summary:

The Asset Management Plan for 2014 – 2019 has been considered at the Executive meetings of 21 July and 18 August 2014, and Resources Overview and Scrutiny Panel on 7 August 2014. It is now brought to Full Council for agreement as part of the Council's Policy Framework.

Recommendations:

The Council adopt the Asset Management Plan for 2014 – 2019.

Tracking

Executive:	
Overview and Scrutiny:	
Council:	



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2014 – 2019

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1. The Council

Carlisle City Council delivers services to just over 100,000 people and for the year 2014/15 has a net revenue budget of £13.090 million and capital expenditure of £7.217 million. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £4.5 million per annum, from its non operational property, and a net asset value, taking account of depreciation, of circa £122 million. The income is comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

2. The Asset Management Plan and Council Priorities

The Carlisle Plan 2014/2017 sets out the Council's vision for the City *"to promote Carlisle as a prosperous City, one in which we can all be proud"*. The Plan identifies the actions and timetabling for delivering the key priorities for the Council to:-

- Support the growth of more, high quality and sustainable, business and employment opportunities.
- Develop vibrant sports, arts and cultural facilities, showcasing the City of Carlisle.
- Work more effectively through partnerships to achieve the Council's priorities.
- Work with partners to develop a skilled and prosperous workforce, fit for the future.
- Make Carlisle clean and tidy.
- Address Carlisle's current and future housing needs

The Council has been undergoing a radical transformation of its organisational structure and service delivery to achieve substantial savings in costs, to reduce the base budget over a 5 year period by £6.0 million.

ASSET MANAGEMENT PLAN 2014-2019

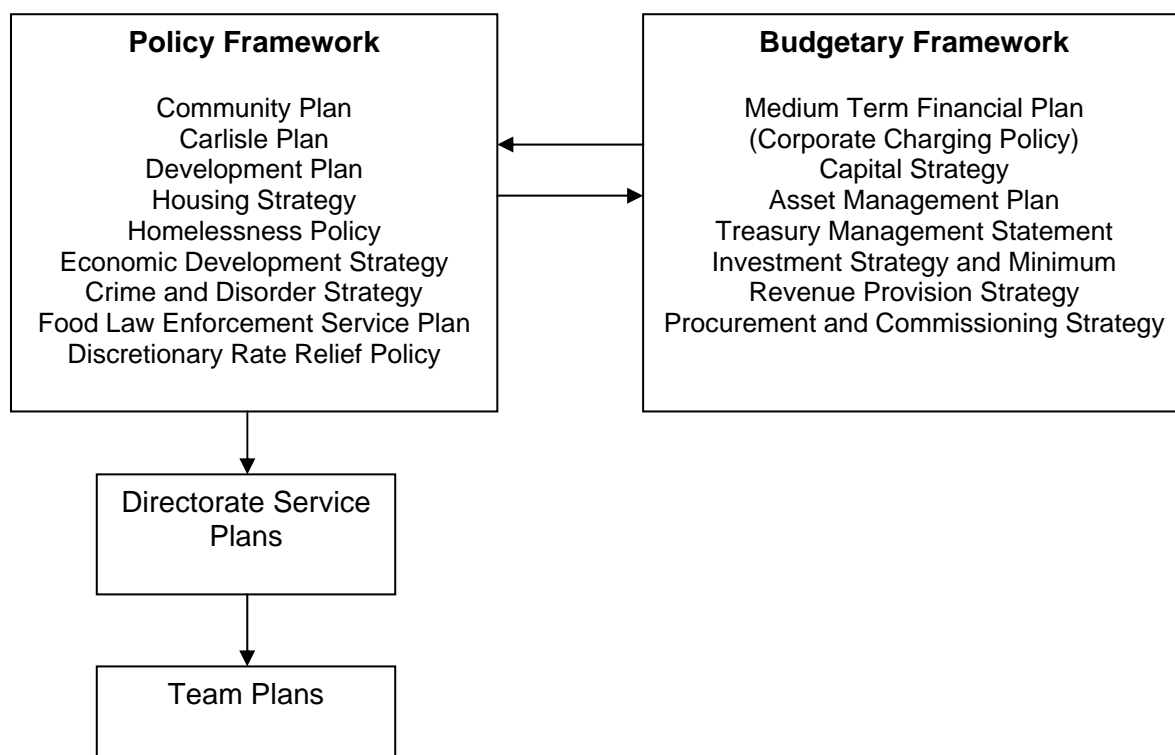
This Asset Management Plan describes how the Council's strategies and policies for its property portfolio will support these priorities and Directorate Service Plans. The Plan aims to provide information about the overall performance of the asset base, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan (MTFP) and the Capital Strategy (CS), which provides guidance on the Capital Programme and use of resources.

3. The Council's Approach to Corporate Planning

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

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

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



Community Plan

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

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

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

Directorate Service Plans

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

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

Other Council Strategies, Plans and Policies

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

- The Capital Strategy (CS), which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which set out the assumptions for financing requirements and interest rates and their effect on the revenue budget.

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- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy.
- The Local Plan which is in the process of review.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. Organisational Framework

The organisational framework for the delivery of property functions has changed in tandem with the Council's Transformation Programme and Asset Review Business Plan which was adopted by Council in 2011. The Business Plan Working Group provides strategic direction, oversees the corporate management of the Council's property assets, and gives direction to the work programme.

The framework which has been put in place as part of the recommendations of the Asset Review Business Plan is evolving; recently following a review of Directorate responsibilities the Property Services team has become part of the Governance Directorate with the Building Services team remaining within the Resources Directorate. Collectively these teams now assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

Strategic property advice, in terms of economic development activity, is now delivered through the Economic Development Directorate. All Directorates report through the Senior Management Team (SMT) and then on through the normal Council channels.

The terms of reference for SMT are:-

- ◆ To develop and implement corporate policy and best practise in relation to the Council's property assets.
- ◆ To give strategic direction to other corporate officer groups dealing with operational property matters.

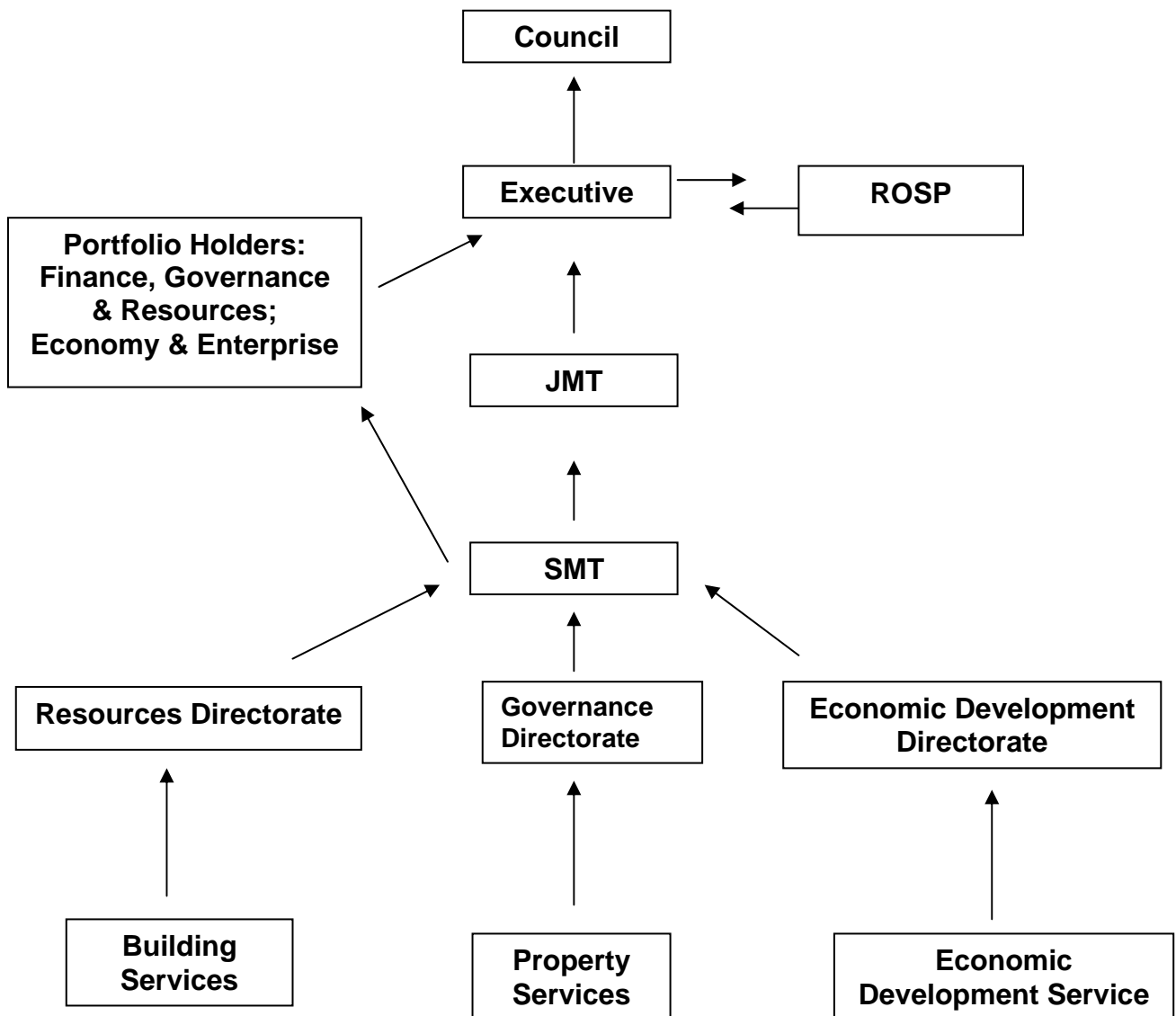
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- ◆ To ensure co-ordination of reporting and decision making on strategic matters relating to property.

SMT meets bi-weekly and membership comprises the Town Clerk & Chief Executive, the Deputy Chief Executive, and the Directors of Resources, Governance, Economic Development, and Local Environment.

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Finance, Governance & Resources, and Economy and Enterprise, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council.

ORGANISATIONAL & REPORTING STRUCTURE



5. Corporate Asset Objectives

Aim

- To set out the Council's policy on the use of assets in order to have a flexible approach to asset ownership and secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.
- To develop a planned approach to the management of the Council's assets linked to corporate priorities.

Objectives

1. To identify all property which the Council owns or uses, compile accurate records, establish its value and the function it performs. Maintain and continually update this information to enable decision making and support to the Council.
2. To make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, and increasing rental income.
3. To effectively respond to the changing property requirements of service delivery improvements.
4. To provide a transparent basis for property investment decisions, through the Capital Programme, and to have a planned approach to the management of the Council's assets, aligned to corporate objectives.
5. To ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio.
6. To apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.
7. To support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP).

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8. To promote community and partnership use of assets.
9. To link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy.
10. To provide sustainable planned maintenance programmes for a 5-year period.

Delivery

- To develop a planned approach through:-
 - Links to corporate priorities.
 - Carrying out condition surveys
 - Meeting Disabled Discrimination Act requirements.
 - Health and Safety risk assessments.
 - Benchmarking & performance measurement.
- Improving asset management to:-
 - Identify "expensive "and "obsolete" assets.
 - Identify surplus assets.
 - Identify changes to asset requirements, e.g. shared services and home working.
 - Improve energy efficiency, use renewable sources and set targets for carbon reduction.
 - Identify improvements to assets or the asset base to enhance service delivery.
 - Ensure assets are "fit for purposes" and "sustainable".
 - Identify investment opportunities to improve income yields.

6. Performance Monitoring and Measurement

The Council will manage and monitor the use of its property resources to ensure the portfolio meets the objectives set and delivers performance improvements linked to corporate and service objectives. The Council, using the 'Covalent system' (shortly to be replaced) overseen by Policy and Communications, manages and monitors performance indicators.

The Council will aim to own assets which are suitable, fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access.

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The Council's performance framework continues to review performance and seek the development of SMART indicators which will effectively measure the contribution property makes to the achievement of corporate objectives set out in the priority actions in the Carlisle Plan.

New data capture procedures have been established and an annual exercise is now undertaken to collect property information in order to measure performance and these are contained in the suite of Performance Indicators (PI's) set out in Appendices I and II of this Plan. The use of PI's has allowed the Authority to improve the monitoring of asset performance, illustrate improvements, and identify shortcomings.

The Government's Operational Efficiency Programme (OEP) recommends that Local Authorities and other agencies use the CIPFA Property Asset Management Planning Network to share best practice. The OEP Report also strongly recommends the use of benchmarking to help drive efficiencies.

The Authority is a member of the CIPFA IPF Asset Management Plan Network. Current best practice is to use the National Property Performance Indicators (NAPPMI) which is set out in Appendix I. These indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO₂ emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators; these are shown in Appendix II, which additionally measure occupancy rates for the let estate and disability access to our buildings.

7. Policy and Strategy

Operational Property Strategy

- The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost.
- All service property will be efficient and effective in supporting delivery of the Council's priorities.
- The Council will occupy freehold property where appropriate.
- The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.
- The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate and share services, and use its assets with the private sector to deliver Council services.
- Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes the revenue implications over its useful life (ie whole life costing).
- The following policy principles are to be applied to enable delivery of the service property strategy:

Investment Principles

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use of the Council, and
- The investment:
 - enhances service delivery
 - improves environmental sustainability
 - improves utilisation
 - increases efficiency
 - adds value
- It addresses statutory obligations

Non-Operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

Investment Principles

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

Surplus Property Strategy

- The Council will normally dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts of £260,000 in 2014/15, in line with the Capital Strategy and Medium Term Financial Plan. Note additional receipts from the Asset Review Business Plan Disposal Programme are considered separately in this document and the MTFP.

Surplus Property

All operational and non-operational property will be sold unless one of the following applies:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, housing, economic or environmental benefits to meet the Council's agreed priorities, in which case the Council may take a flexible approach to a disposal at less than market value, subject to compliance with any statutory consents and full Council approval.
- It is a long-term strategic investment.

Property Acquisition Strategy

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.
- The Council will invest in assets to improve the financial returns and yields from the portfolio and deliver the Asset Review Business Plan.

The following policy principles should be applied to enable delivery of the property acquisition strategy:

Property Acquisition

Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver Economic Development policy.
- Where it is required to support the delivery of other Council services and priorities, either directly or through income generation.
- Whole life costing and option appraisal exercises are undertaken.
- Portfolio investments and opportunity purchases meet set target criteria around risk, income returns and yields.

8. Government Policy and Statutory Responsibilities

The overall amount available for distribution to Local Government is determined by the Government's Spending Review. The last review in 2010 (CSR10) is committed to: -

"Delivering a step change in the management of the public sector asset base".

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

The Government's regional policy aims to improve the economic performance of the English regions and to reduce the gap in performance between the regions. The Review of Sub National Economic Development and Regeneration (SNR) sets out a comprehensive package of reform to improve performance. The CSR10 takes forward the conclusions of the SNR.

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The Housing and Regeneration Bill aims to deliver the commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities. The Council has been designated as a Growth Point and is seeking ways to encourage increased levels of affordable housing within the district, working with partners to bring Council owned sites into development for the provision of social and affordable housing.

Although the recent structural changes to local government in England have not brought about a change in governance in local areas in Cumbria, there remains an impetus to increase levels of joint working, to improve the efficiency of service delivery and share accommodation.

The Government is also promoting the community management and ownership of public sector assets, acting on the recommendations of the Quirk Review. It believes that community asset transfer can form part of a strategic approach to the use of local authority assets and that it is an important factor in enabling community organisations to be sustainable. The Council has established a Community Asset Register to monitor and manage this initiative.

The Government recently passed the Climate Change Bill setting ambitious targets for carbon reduction. In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan was developed with support from the Carbon Trust. Along with other Cumbrian Authorities the City Council set a target to reduce carbon emissions by 25% from its buildings, street lighting and transport related functions by April 2013, against a 2007/08 baseline of 6,015 (Note: Figure updated, July 2014 based on new conversion factors) tonnes of carbon. Emissions from buildings accounted for 71% of the carbon baseline. The data recorded shows a steady reduction in emissions up to 2011/12 by which time a 20% reduction had been achieved compared to the base year. However in 2012/13 the level of emissions rose back to 15% below the base year. Projected data (not all figures are available yet, July 2014) for 2013/14 shows an improvement to 18% less than the base year. The emissions are to some extent weather dependent as the consumption of energy for space heating is linked to external temperatures. The trend is downwards and it is anticipated that the target will be eventually be reached, however it could take a few more years.

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9. The Resource Context: Value for Money

The Audit Commission used to measure how well an organisation managed its resources and delivered value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment. This considered:-

“how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs”.

With the changes in national Government which arose in 2010 this framework for measuring the use of resources was discontinued. However, despite this the Asset Management Plan must still demonstrate a Council-wide approach to managing assets as a corporate resource, with the focus on using its assets to help to deliver social, environmental and economic outcomes for local communities. Asset management planning should be fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

Collaborating with partner organisations on strategic asset management planning remains an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

10. Changes in the External Environment and Implications for Property

The underlying economic factors affecting the national economy apply to Carlisle subject to its relatively isolated and remote location. The City is held back from realising its full potential because generally it has not been considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis. It is resilient to change and external market movement and influence.

It is mainly sub-regional and local developers and investors who serve the Carlisle property market, with the possible exception of the retail sector. When the UK market shows an upward trend, stability or decline, the Carlisle market follows proportionately – subject to a time delay because of its location.

The City's peaks have been historically, neither high enough nor long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development.

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It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless funders are looking for long-term sustainable investment, with a local geographic commitment, developers will prefer more profitable southern locations where rental growth increases more rapidly, and over longer periods.

This risk adverse attitude by the private sector has meant that to date, the public sector has had to be proactive in order to attract development to Carlisle in order to improve economic development opportunities for the community. This is why Carlisle City Council owns the legacy of a considerable property portfolio, and needs to be involved in public/private partnership working.

The changing economic climate, both at a national and local level, arising from the “credit crunch” of a few years ago, restricted borrowing regimes and the continued economic recession, is impacting on the local property market. The Government’s Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

Demand has fallen in all sectors, capital and rental values have decreased. The residential and commercial investment markets, although showing signs of stabilising, still face difficult and uncertain times ahead. There are some indicators pointing towards increasing confidence going forward but overall the downturn in the market has undoubtedly affected the Council’s portfolio, and will influence what we can do, and the way we do it, in the forthcoming years. Notwithstanding this position, apart from the effect of some structural changes to the way certain assets are held, the overall capital value of the portfolio has remained at a relatively static level. There has been some upward and downward movement in market values for particular assets but, excepting the volatility attached to the Council’s retail development asset at Morton, overall this has balanced out to leave the position year on year virtually unchanged. The makeup of the investment portfolio is quite resilient but, rental income has fallen by roughly £250,000 (5%) since the peak of the market in 2007/08. This mainly arises from the retail part of the portfolio and the influence of the Disposal Programme, although recently the retail market has shown faint signs it may have bottomed out and stabilised but, undoubtedly it will be several years before any real growth materialises and, when this does arise, it will be slight.

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11. The Existing Portfolio and Current Performance

Gross Asset Value as at 31 March 2014.

	Operational assets		Non operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	71	81	60	2	214
Total income	£30,491	£1,181,796	£4,442,568	£43,261	£5,698,116
Capital value	£3,831,000	£29,822,626	£88,412,000	£550,000	£122,615,626
Capital Expenditure	£1,000	£623,473	£1,697,963	-	£2,322,436
Asset Reserve			£370,000		£370,000
Maintenance backlog		£2,759,100	£2,000,000	-	£4,759,100

NB The total capital spend in 2013/14 was £4.7 million. However this did not all relate to property assets, £0.9 million was Revenue Expenditure Funded from Capital Under Statute which included capital works on assets which are not owned by the Council.

The figure for the maintenance backlog on the operational buildings in the portfolio is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. The figure has decreased by around £211,500 or 7% since last year. This is mainly a result of remedial work carried out under the capital works programme but is also affected by disposal and acquisition of assets.

The figure for the non-operational backlog relates to historical infrastructure costs associated with our industrial estate ground rented portfolio and has not been reviewed for a number of years. There is a suspicion this figure has come down, due to the disposal programme and the capital expenditure which has gone into infrastructure improvements on the Kingstown, Durranhill and Willowholme Industrial Estates over the last few years but, as there is no recent survey data available, this notion can't be substantiated with evidence.

12. Maintenance Backlog

	13/14	14/15	15/16	16/17	17/18
Total Revenue Budget	£646,500	£700,000	£700,000	£700,000	£700,000
Capital Schemes Special Projects	£300,000	£300,000	£300,000	£300,000	£300,000
Ratio Planned: Reactive Maintenance	76 : 24	76 : 24	76 : 24	76 : 24	76 : 24

Based upon property condition surveys, an annual planned maintenance programme has been established for all the operational assets. There is a maintenance backlog; currently £2,759,100 for the portfolio of operational and non-operational buildings, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 3 year programme of planned and reactive maintenance on 18 November 2013 (report reference RD58/13). In condition category terms the split is as follows:-

Condition Category (as a % of Gross Internal Area Operational Property)	Sustainable Criteria
A. (Excellent) 58%	Yes
B. (Good) 29%	Yes
C. (Mediocre) 12%	Review
D. (Poor) 1%	No

Improvements in the operational portfolio are mainly due to the upgrading of the Old Town Hall, the new families hostel at Water Street and disposal / demolition of assets in the lower condition categories.

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Energy Efficiency

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects has been carried out. Significant investment has been carried out in recent years. In the last year the amount of investment has been less than in previous years, however contributions have been made by improving the levels of insulation in pitched and flat roofs at the Enterprise Centre and Tullie House, by replacing old single-glazed roof lights with new double-glazed and insulated roof lights at the Civic Centre and Tullie House and by replacing old lighting in the Civic Centre with new smart lighting.

The new 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. Both arrays generated more electricity in year 2 than in year 1.

Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties. This programme is required to meet those duties. Report (RD 58/13) was presented to the Executive on the 18th November 2013 with proposals for capital investment for planned major repairs. The business case identified 6 separate projects required to meet the Council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2014/15 has been allocated as follows:-

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PROJECT	COST	PRIORITY
Civic Centre - Rewiring and refurbishment of floors 3 and 4	£150,000	Health and Safety / Energy Conservation
Tullie House – Replacement of roof lights over the education room	£20,000	Conservation / Asset protection
Tullie House – Re-covering of flat roof area over the education room	£20,000	Conservation / Asset protection
Enterprise Centre – Re-cover the main flat roof	£60,000	Health and Safety / Asset Protection
West Walls – Stone repairs and re-pointing of historic City Wall	£20,000	Health and Safety / Heritage Conservation
Morton Community Centre - Re-cover flat roof over the reception area	£30,000	Health and Safety / Asset Protection
TOTAL	£300,000	

13. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.
2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.
3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which through rationalisation is becoming more efficient but has considerable further potential.
4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.

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5. The opportunity has been grasped to take a more dynamic and commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.
6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency.

Accommodation Review

An Accommodation Review is embedded in the organisation as an integral part of the Transformation Programme to review corporate accommodation, both back office and front public facing service delivery properties. This comprises a comprehensive 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 project will be on going over several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

- Corporate standards for accommodation;
- Efficient and effective accommodation for all Council staff & operations;
- Consolidation of office staff and functions into the Civic Centre;
- Maximisation of usage of occupied accommodation and delivery efficiencies;
- Maximise potential revenue streams;
- Identify and meet target capital receipt savings and income.

To date the review has achieved the following improvements to the portfolio:-

- Centralisation of back office delivery with the closure and demolition of part of Boustead's Grassing and transfer of staff to the Civic Centre;
- Improved space utilisation in the Civic Centre;

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- Continued development of the Customer Contact Centre as a public service centre hub;
- The letting and sharing of office space with other public sector providers;
- An interim rationalisation of the Councils Depots, Willowholme Depot has been sold, Staffield House has been declared surplus to requirements and is on the market for sale;
- Provision of a new Women's and Family Hostel in Water Street to replace the existing facility.

The challenges going forward are to further examine space utilisation in the Civic Centre; the continued reduction in staff during 2013/14 has led to a deterioration in the occupancy rate and increased costs per full time employee (FTE), and to find new occupiers to share the surplus accommodation, reduce overall costs in use, and compliment the Council's ambitions to improve public access to a wider range of customer services through the Contact Centre. Also, with the recent transfer of retained Highway Rights back to the County Council there is a need, in the light of future service requirements, to further examine the utilisation and retention of Boustead's Grassing as sustainable Depot and the possible requirement for alternative provision.

Asset Review Business Plan

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio has been concluded with the adoption by Council in January of an Asset Review Business Plan (Report Ref. CE 39/10 refers).

The strategic objectives of the Plan are broadly to have:-

- Clear and separately focused management of the operational, investment and economic development assets.
- Fewer higher value assets which will give a better yield and are cheaper and easier to manage
- The latent value and development opportunities embedded in the portfolio unlocked and released for reinvestment.

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- Well maintained assets which will continue to be attractive to tenants and occupiers.
- Increased returns through higher income and lower outgoings.

To provide clear segregation between the objectives and priorities for each asset the portfolio has been divided into 3 distinct categories established as follows:-

1. Operational Assets – properties that are needed in order to carry out the Council's day to day business and deliver services or are required and retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose.
2. Economic Development Assets – properties that are identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District.
3. Investment Assets – properties where the sole function is to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management. These changes are taking place within the context of the Transformation Programme.

Disposal Programme

The Business Plan recognises that the current Investment portfolio needs re-engineering through a process of rationalisation to consolidate the asset base and improve overall financial returns through reinvestment or acquisitions. The Plan aims at realising £24m through the disposal over a 4 year period of 51 assets which are underperforming or have embedded value which can be realised. The proceeds will be used to generate additional income to support budget and efficiency savings and help protect and secure service delivery into the future.

Outcomes:

In line with expectations individual asset receipts have produced results on, below and above target figures. To date 28 assets have been sold realising total gross receipts of circa £6.4 million. Overall the returns show an increase of approximately 20% (Morton excluded) above the business plan estimates.

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The market appears to be hardening for certain types of asset; at this juncture in the programme there is no reason to suspect the current trends and levels of return will not continue however, we have adopted a conservative approach and these increases have not been built into future sale projections. The programme plan for this year 2014/15 has been refreshed and re profiled, it aims to deliver circa £1.9m in capital receipts from the disposal of 11 assets in line with the requirements of the MTFP. It will also look at the future release and disposal of assets, with potential to supply land for future housing development, into the private and social housing sectors.

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 and Operational portfolios have been completed to consolidate the Council's existing ownership and land holdings in Rickergate with the acquisition of properties in the Warwick St area. This includes the Old Carlisle Fire Station, which following a scheme of refurbishment and capital improvements, will become an Arts Centre for the City, and Herbert Atkinson House adjoining Tullie House.

Purchases into the investment portfolio have been undertaken with the acquisition of a leasehold interest in the Woolworths Building, English Street, other options and opportunities are being investigated and are underway, including the acquisition of employment land at Morton. The Council is also examining the options and feasibility for alternative approaches to the asset and estate management of its investment land holdings at Kingstown and Parkhouse.

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. Enhancements are being undertaken to Durranhill Industrial Estate, with £250,000 grant funding from the Homes and Community Agency, to improve the access and make environmental improvements. Marketing of the former Border TV site, a key gateway site at the entrance to the Estate, will commence shortly.


14. Summary

1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.
2. Members are aware and have approved a plan to address backlog maintenance.
3. Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.
4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.
5. The Council's asset base has considerable latent value, which if unlocked through the new Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.
6. The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

APPENDIX I

NATIONAL PROPERTY PERFORMANCE INDICATORS

APPENDIX I

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	Appendix : Property Performance Indicators		
COPROP Property Management Initiative Property Performance Indicators (PMI's)			
<u>PMI 1A: % gross internal floor-space in condition categories A- D</u>			
	<u>Mar-12</u>	<u>Mar-13</u>	<u>Mar-14</u>
(a) Schools: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(b) Other Land & Buildings: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	49.1 32.6 12.8 5.5	50.8 31.4 12.5 5.3	59.3 28.8 11.0 0.9
(c) Community Assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	n/a n/a n/a n/a	n/a n/a n/a n/a	n/a n/a n/a n/a
(d) Non-operational assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)	0 38.3 0 61.7	0 30.7 0.8 68.5	0 27.8 7.3 64.9
Objective:- To measure the condition of the asset for its current use			
Definitions:- A: Good – Performing as intended and operating efficiently B: Satisfactory – Performing as intended but showing minor deterioration C: Poor – Showing major defects and/or not operating as intended D: Bad – Life expired and/or serious risk of imminent failure			
Comments:- We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The marginal overall shift in improvement			

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on the operational properties is due to the new buildings coming into the portfolio such as the Water Street accommodation and the moth-balling of Stafffield House. The decline in performance of the non-operational portfolio is largely due to the relatively high proportion of poor quality assets left on the books as a consequence of the disposal programme. For example, the Enterprise Centre now accounts for 65% of non operational floor space.

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Asset Management Plan

Appendix : Property Performance Indicators

PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m² GIA

	Mar-12		Mar-13		Mar-14	
	£	%	£	%	£	%
(a) Schools						
Urgent repairs (priority 1)						
Essential repairs (priority 2)						
Desirable repairs (priority 3)						
Total						
Overall Cost per m ² GIA						
(b) Other Land & Buildings						
Urgent repairs (priority 1)	397,800	16	325,600	15	183,000	10
Essential repairs (priority 2)	1,684,900	68	1,460,425	68	1,449,000	73
Desirable repairs (priority 3)	385,725	16	353,600	17	341,100	17
Total	2,468,425		2,139,625	100	1,973,100	100
Overall Cost per m ² GIA	49.94		41.59		36.82	
(c) Community Assets:						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m ² GIA	n/a		n/a		n/a	
(d) Non-operational Assets:						
Urgent repairs (priority 1)	0	0	0	0	0	0
Essential repairs (priority 2)	841,000	100	561,000	68	516,000	66
Desirable repairs (priority 3)	0		270,000	32	270,000	34
Total	841,000		831,000	100	786,000	100
Overall Cost per m ² GIA	138.82		124.03		118.32	

Objective:-

Measure required maintenance.

Definitions:-

Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

Essential work required within two years that will prevent serious deterioration of the fabric of the services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.


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Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.

Comments:-

Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Slightly improving overall picture to the operational portfolio as capital expenditure has been targeted at urgent work.

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year

	Mar-14
Total Required Maintenance	£2,759,100
Annual % Change in total required maintenance from previous year	-7

Objective:- Measure changes in spend on maintenance.

Definitions:-

Required maintenance is defined as “The cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or meet statutory or contract obligations and maintain it at the standard”.

Spend on maintenance covers the total repair and maintenance programme (reactive and planned) including any associated fees for the work. It should also include any capital spending on repair and maintenance.

Comments:-

The total backlog maintenance liability figure shows a reduction from last year. This is attributable to the ongoing process of rationalisation across the portfolio and the disposal/replacement of high maintenance and costly properties.

PMI 1D: Maintenance Spend

		2012/13	2013/14
(i)	Total spend on maintenance	962,654	897,613
(ii)	Total spend on maintenance per m ² GIA	£16.55	£14.90
(iii)	Planned/reactive maintenance split	76%:24%	76%:24%

Objective:- Show split in type of maintenance

Definition of Planned and Reactive Repairs:-

Planned – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.



Reactive – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.

To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

Comments:-


Reduced annual spend reflecting the budgetary constraints on resources available to look after the portfolio.

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PMI 2 A, B & C Environmental Property Issues				
		2011/12	2012/13	2013/14
A	Energy Cost – total spend (£)			
	Energy Total Consumption (kwh)	10,427,445	11,807,588	11,543,580
	Energy Cost per m ² (£/m ²)			
	Energy Consumption per m ²	286.79	324.76	317.5
B	Water Cost – total spend (£)			
	Water Total Consumption (m ³)	8,137	7,930	8,635
	Water Cost per m ² (£/m ²)			
	Water Consumption per m ² (m ³ /m ²)	0.92	0.89	0.97
C	CO2 Total Emissions (kg CO ²)	2,977,834	3,265,622	3,141,560
	CO2 total Emissions/m ² (kg CO ² /m ²)	81.9	89.82	86.4
To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.				
Definitions:- To reduce environmental impacts of operational property. To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement. To compliment the process for 'Energy Certificates'. To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.				
Comments:- Although generally recognised that energy costs are increasing the effect of this has been offset by a reduction in consumption. This is attributable to energy saving conservation projects which have been adopted but also due to shrinking operations arising from the Transformation process. The rise in the water consumption figure over last year is excessive and over expectations, and is thought to have arisen due to incorrect billing figures in 2012/13.				

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PMI 3 A & B: Suitability Surveys (Local Indicator)			
	Mar-12	Mar-13	Mar-14
% of Portfolio by GIA m ² for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available
Objective:- For Local Authorities to carry out Suitability Surveys enabling them to identify how assets support and contribute to the effectiveness of frontline service deliveries i.e. are they fit for purpose.			
Definitions:- To be reported for all operational buildings (excluding Schools) occupied by the Local Authority. To ensure that the property meets the needs of the user. To enable key decisions to be made.			
Comments:- Suitability surveys will be undertaken on a phased basis as and when resources allow.			

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	Appendix: Property Performance Indicators

PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-13	Mar-14
A	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	76.11%	80%
B	Number of properties for which an Access Audit has been undertaken by a competent person	36	37
C	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	76.11%	80%
D	Number of properties for which there is an Accessibility Plan in place	36	37
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	84.4%	84.8%
Objective:- To monitor progress in providing access to buildings for people with disabilities.			
Definitions:- To monitor the progress at which Local Authorities carry out access audits. To enable key decisions to be made.			
Comments:- Further audit inspections have been undertaken. The slight improvement year on year is due to a higher proportion of non-compliant properties being disposed together with the acquisition of compliant accommodation. A level of accessibility has now been attained such that further progress with these indices will be difficult to achieve without considerable capital expenditure.			

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PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio

		Mar-13	Mar-14
A1a	Operational office property as a percentage (% GIA m ²) of the total portfolio	20.6%	19.33%
A1b	Office space per head of population	0.11 sq m	0.11 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	78%	78.2%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	14.72 sq m	16 sq m
B2	Average floor space per workstation (not FTE)	11.82 sq m	12.13 sq m
B3	Annual property cost per workstation (not FTE)	£1112.51	£1162.99

Objective:-

To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.

Definitions:-

To identify the intensity of use of space.

To assist councils to identify and minimise assets which are surplus or not in use.

To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.

To measure the level of usage.

Net Internal Area (NIA): The usable area within a building measured to the internal face of the perimeter walls at each floor level.


Net Office Space (NOS): NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.

Full Time Equivalent (FTE): No of staff based in the building expressed in full time equivalent terms.

Comments:-


Recent improvements in occupancy rates, achieved through the Accommodation Review, have deteriorated within the Civic Centre. The lower utilisation rate has arisen from staff reductions; there are now more empty desks throughout the building, highlighting a need for further review to redress the shortfalls.

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PMI 6: Spend		
	Mar-13	Mar-14
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.26%	2.74%
Gross Property Costs per m ² GIA by CIPFA Categories/Types:	£/m2	£/m2
Schools		
Operational Buildings	29.26	31.96
Community Assets	N/A	N/A
Non-operational Assets	18.06	17.47
Objective:- To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.		
Comments:- Total running costs show an increase on last year's figures as a proportion of the total gross revenue budget, this is mainly associated with the increased spend on the plant within the Crematorium.		

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PMI 7 A, B, C & D: Time & Cost Predictability		Mar-13	Mar-14
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	90%	90%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	100%	90%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	90%	100%
Objective:- To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional "local" indicators to start the measures at an earlier stage.			
Comments:- A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result. In respect of (A) the 90% outturn figure reflects the unusually lengthy internal consultation/design process for the F & F A scheme. In respect of (C), the 90% outturn figure reflects that the F&FA tender came in over budget, but after value engineering it was brought in under budget			

APPENDIX II

LOCAL PERFORMANCE INDICATORS

Local Performance Indicators

Indicator	09/10 Actual	10/11 Actual	11/12 Actual	12/13 Actual	13/14 Target	13/14 Actual	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	82%	83.8%	83.9%	84.4%	85%	84.8%	The slight improvement is due to a higher proportion of non-compliant buildings being disposed of. Improved performance on the remaining buildings will be increasingly difficult to achieve due to capital costs and the nature of the portfolio i.e. Listed Buildings.
MI 931 C1 Maximise the occupancy of Council's commercially let business units	87.96%	88.03%	87.87%	85.92%	90%	82.01%	The target going forward remains the same reflecting the unchanged market conditions. The disposal of a significant proportion of our workshop portfolio, relatively well let, has impacted negatively on this indicator.