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| REPORT TO EXECUTIVE | | | |
| PORTFOLIO AREA: ECONOMIC PROSPERITY | | | |
| Date of Meeting: | 15 OCTOBER 2001 | | |
| Public | | | |
| Key Decision: | Yes | Recorded in Forward Plan: | Yes |
| Inside Policy Framework | | | |

Title: REVIEW OF CHARGES 2002/03

Report of: CITY TREASURER & ACTING HEAD OF ECONOMIC DEVELOPMENT

Report reference: FINANCIAL MEMO 2001/02 NO 94 AND EDU 43.01

Summary:

The report reviews charges in three service areas within the Economic Development Unit, namely the Enterprise Centre, the Brampton Business and Tele-centre and the Tourist Information Centre at the Old Town Hall

The report briefly touches on existing charging policy for each, reports on the extent to which income targets are being met in each area of service and finally makes a recommendation for changes for 2002/03

Recommendations:

1. That the Service Charge at the Enterprise Centre is increased from £30.00 to £32.50 per month, an increase of 8.3%, to cover the full estimated budget cost of common services (excluding Reception costs).
2. That the charges at the Brampton Business and Tele-centre are increased by 3.5% with the exception of photocopying and equipment hire charges which remain static.
3. That the charges at the Assembly Rooms are increased by 3.5% and the existing range of concessions retained.

1. BACKGROUND INFORMATION AND OPTIONS

1. Each service is required to carry out an annual review of its charges

1.2 The report reviews charges made at the

- Enterprise Centre
- Brampton Business and Tele-centre and
- The Assembly Room at the Old Town Hall

The report has been prepared in accordance with the principles set out under the Council's current Corporate Charging Policy.

1.3 The charges which have been reviewed are addressed separately below

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

2. CORPORATE CHARGING POLICY

1. The Corporate Charging Policy that was approved by Policy and Resources Committee on 30 August 2001 sets an income target so as to produce an overall increase in income equal to inflation plus 1%
2. Therefore for 2002/03 each service is required to achieve a corporate target for income generation of 3.5% (RPI of 2.5% plus 1%) and the increases proposed have been set with this requirement in mind. In addition, the policy requires Service Managers to investigate the scope for charging for services that have not been traditional charging areas in the past.

3. CARLISLE ENTERPRISE CENTRE

3.1 In the review last year the charging policy for the Centre was changed to move towards a situation where all the costs of common services [excluding salaries] provided at the Centre were recovered through the service charge

3.2 The first step involved incorporating the charge for the telephone system into the overall service charge. This raised the target income from all sources [other than rental income] from £9,940 to £16,770 for 2001/02. This resulted in a charge of £30.00 per month for each tenant at the Centre in the current year.

3.3 It has emerged that in practice only a minority of the tenants then depended entirely on the internal Centre switch-board and now all have direct BT [or other provider] lines and as a result have access to telephony services that the existing Enterprise Centre system cannot provide. Although the Council's service is available, no tenants depend on it and few now use it for incoming calls or messages. The telephone equipment, which was leased, is now owned outright by the Council and is incurring no charges.

3.4 Despite the fact that few tenants use the telephone system, there has been little or no resistance to the incorporation of the telephone charges into the service charge this year and income targets are being achieved.

3.5 The principle of recovering the costs of common services is one that should be adhered to but there is a need to be clear what the charge pays for. It is arguable that a telephone service is not being provided at the level being charged.

3.6 The service charge at the Centre should eventually cover all the cost of common services enjoyed by the tenants. This would include the full cost of heating and lighting the common areas, cleaning, water rates etc., rubbish disposal and conference & training rooms. Reception services, including the salary costs of the staff at the Centre is the largest single cost element in the list of common services provided for the tenants, but at present it would be unrealistic to include this in the service charge.

3.7 In the current year the yield from the service charge will cover 89% of the budget cost

of the common services listed above [excluding reception services]. It is proposed that the charge in 2002/03 should be increased to cover 100% of these costs. In the current year these costs are budgeted at £18,820. For 2002/03 the uplift of 3.5% required by Council would result in a budget figure of £19,479 and would mean a charge to tenants of £32.50 per month compared with £30.00 at present. This is an 8.3% increase.

3.8 The longer-term prospect of meeting reception service costs [i.e. salary costs] from tenants is more problematical. Recovering all these costs would mean an additional charge of over £60 per month, which is clearly unrealistic. The issues of how the charging structure at the Centre evolves to cover the real costs of all the common services will have to be the subject of consultation with the tenants as part of the response to the Economic Development Best Value review recommendations on the Enterprise Centre.

4. BRAMPTON BUSINESS AND TELE-CENTRE

4.1 The principles set out in the last charges review remain valid i.e. charges not increased across the board, opportunities taken to improve services where possible with costs being recovered from other services where appropriate.

4.2 This approach is working with the Centre meeting or exceeding its income targets, with the exception of the conference room bookings where targets are not being met this year. Photocopying charges are locally price sensitive and will need to remain static.

4.3 Otherwise, the 3.5% increase in the income for the Centre of £700 from £19,940 in the current year to £20,640 in 2002/03 is attainable and appropriate.

5. ASSEMBLY ROOM, OLD TOWN HALL

5.1 The income targets for the Assembly Room are not being met and are currently running at about 50% of budget. This has been the case for a number of years and the income targets are now seen to be unrealistic.

5.2 The opportunity to increase the income potential of the Assembly Room will depend on investment and a scheme has been outlined that should generate additional revenue. Under the Council's guidelines for new initiatives for 2002/03 where savings equivalent to the value of the new bid have to be identified, it will not be possible to take this proposal forward. The alternative, [as discussed in the Tourism Best Value Review], is to recognise that the Assembly Room is a community service and to fund it from out-with the Tourism Budget.

5.3 In view of the sensitivity of the charging levels for the Assembly Room a simple across the board increase of 3.5% is recommended, retaining all existing concessions for Charities, OAP Groups and community organisations. However due to a reduced level of usage as set out in paragraph 5.1, the proposed increase would result in an estimated total target income of £9,390 in 2002/03 compared to £11,000 in the current year.

6. CONSULTATION

Overview and scrutiny as part of the budget process.

7. STAFFING/RESOURCES

Not applicable.

8. FINANCIAL COMMENTS

Included in the main body of the report.

The introduction of the charges proposed above is forecast to produce income of £51,480 in 2002/03 and this is summarised in the table below:

| Service | Original Estimate 2001/02 | Estimate 2002/03 | % increase |
|------------------------------|--------------------------------------|-----------------------------|-----------------------|
| Enterprise Centre | 16,770 | 19,480 | |
| Brampton Business Centre | 19,940 | 20,640 | |
| Carlisle TIC – Assembly Room | 11,000 | 9,390 | |
| TOTAL | 47,710 | 49,510 | 3.8% |

9. LEGAL COMMENTS

Not applicable.

10. CORPORATE COMMENTS

Not applicable

11. RECOMMENDATIONS

11.1 That the Service Charge at the Enterprise Centre is increased from £30.00 to £32.50 per month, an increase of 8.3%, to cover the full estimated budget cost of common services (excluding Reception costs).

11.2 That the increase in charges at the Brampton Business and Tele-centre is fixed at 3.5% with the exception of photocopying and equipment hire charges.

11.3 That the charges at the Assembly Rooms are increased by 3.5% and the existing range of concessions retained.

12. REASONS FOR RECOMMENDATIONS

To ensure that the City Council's Corporate Charging Policy requiring an increase in income of 3.5% for 2002/03 is complied with.

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| | <u>Current Charge</u> | <u>Proposed Charge</u> |
|-----------------------------------|---------------------------|----------------------------|
| CARLISLE ENTERPRISE CENTRE | £ | £ |
| Charges to Tenants: | | |
| Total Monthly Service Charge | 30.00 | 32.50 |
| Word Processing (per A4 sheet) | 2.40 | 2.50 |
| Photocopying (per sheet) - A4 | 0.10 | 0.11 |
| - A4 double - sided | 0.13 | 0.13 |

| | | | |
|-------------------------------|--|------|------|
| - A3 | | 0.18 | 0.19 |
| - A3 double - sided | | 0.22 | 0.23 |
| Fax Transmissions (per sheet) | | 0.53 | 0.55 |
| Conference Room (per day) | | 0.00 | 0.00 |

Charges to Non Tenants:

| | | | |
|---------------------------|------|-------|-------|
| Conference Room (per day) | from | 22.40 | 23.20 |
| | to | 33.10 | 34.20 |
| Coffee (per pot) | | 6.50 | 6.70 |

Estimated Total Income: £16,770 £19,480

| | | <u>Current</u> | <u>Proposed</u> |
|---|----------------|----------------|-----------------|
| | | <u>Charge</u> | <u>Charge</u> |
| | | <u>£</u> | <u>£</u> |
| IRTHING BRAMPTON BUSINESS CENTRE | | | |
| Conference facilities: | | | |
| Large Conference Room | - per day | 105.00 | 109.00 |
| Meeting Room | - per day | 51.30 | 53.00 |
| Tea/Coffee | - per serving | 0.00 | 0.00 |
| Equipment Hire:- | | | |
| Data Projector | - per day | 15.00 | 15.00 |
| | - per week | 25.00 | 25.00 |
| TV&Video/OHP/Screen/Laptop/Digital Camera | - up to 1 week | 5.00 | 5.00 |
| Photocopying/Laser printing:- | | | |
| White A4 Paper: | 1 - 10 sheets | 0.09 | 0.09 |
| | 11 - 50 sheets | 0.08 | 0.08 |
| | 51 + sheets | 0.07 | 0.07 |
| Coloured A4 Paper: | 1 - 10 sheets | 0.10 | 0.10 |
| | 11 - 50 sheets | 0.09 | 0.09 |
| | 51 + sheets | 0.08 | 0.08 |
| White A4 Card: | 1 - 10 sheets | 0.10 | 0.10 |
| | 11 - 50 sheets | 0.09 | 0.09 |
| | 51 + sheets | 0.08 | 0.08 |
| Coloured A4 Card: | 1 - 10 sheets | 0.12 | 0.12 |
| | 11 - 50 sheets | 0.11 | 0.11 |
| | 51 + sheets | 0.10 | 0.10 |
| White A3: | 1 - 10 sheets | 0.11 | 0.11 |
| | 11 - 50 sheets | 0.10 | 0.10 |
| | 51 + sheets | 0.09 | 0.09 |
| Coloured A3: | 1 - 10 sheets | 0.12 | 0.12 |
| | 11 - 50 sheets | 0.11 | 0.11 |
| | 51 + sheets | 0.10 | 0.10 |
| Second Side A4 | | 0.04 | 0.04 |

| | | |
|--------------------------|------|------|
| Second Side A3 | 0.06 | 0.06 |
| Own Paper - single sided | 0.05 | 0.05 |
| Own Paper - double sided | 0.09 | 0.09 |
| Colour Printing | 1.00 | 1.00 |
| Photo Paper | 2.05 | 2.05 |

Document Presentation:

Binding (including spine and transparent front and back cover)

| | | |
|------------------|------|------|
| - up to 20 pages | 1.00 | 1.00 |
| - 20 to 30 pages | 1.20 | 1.20 |
| - over 30 pages | 1.40 | 1.40 |
| Slide Binders | 0.50 | 0.52 |
| Laminating - A4 | 0.60 | 0.60 |
| Laminating - A3 | 1.20 | 1.20 |

Fax:

| | | |
|---|------|------|
| Transmit to the UK | 1.00 | 1.00 |
| Transmit to the UK + extra page | 0.26 | 0.27 |
| Transmit to Europe | 1.50 | 1.60 |
| Transmit to Europe + extra page | 0.51 | 0.53 |
| Transmit to Outside Europe | 2.10 | 2.20 |
| Transmit to Outside Europe + extra page | 0.50 | 0.52 |
| Receive - per page | 0.15 | 0.16 |

Internet:

| | | |
|----------------------|------|------|
| Connections per hour | free | free |
| E-mail per item | free | free |

Miscellaneous:

| | | |
|---|-------|-------|
| Disks - 3.5" (DSHD) | 1.00 | 1.00 |
| - Zip | 15.40 | 15.90 |
| Labels - 1 x 16 (including printing) | 0.50 | 0.52 |
| Overhead transparencies - Laser/photocopier | 0.50 | 0.52 |
| - Inkjet | 1.20 | 1.20 |
| Word processing/poster design per A4 sheet | from | 2.10 |
| | to | 4.10 |
| | | 4.20 |

Charges to Tenants:

| | | | |
|------------------------|--------------------------|-------|-------|
| Monthly Service Charge | per unit/studio workshop | 30.00 | 31.10 |
|------------------------|--------------------------|-------|-------|

Estimated Total Income: £19,940 £20,640

CurrentProposed

| OLD TOWN HALL VISITOR CENTRE | <u>Charge</u> | <u>Charge</u> |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Assembly Room Hire | | |
| Charges per session as follows: | | |
| Mornings 9.30 – 1.00 | 45.00 | 47.00 |
| Afternoons 1.30 – 5.00 | 45.00 | 47.00 |
| Mornings & Afternoons 9.30 – 5.00 | 90.00 | 93.00 |
| Evenings 6.30 – 10.00 | 45.00 | 47.00 |
| Evenings 6.30 – Midnight | 90.00 | 93.00 |
| Afternoons & Evenings 1.30 – 10.00 | 90.00 | 93.00 |
| Each additional hour | 15.00 | 16.00 |
| Charge for use of – kitchen | 15.00 | 16.00 |
| - audio visual exp. | 15.00 | 16.00 |
| - screen or speakers | 7.50 | 7.50 |

N.B. For uses by the following groups and organisations discounts of 62.5% for Mornings/Afternoons, 37.5% for Evenings and 50 % for double sessions including Evenings will be allowed:

- i. Registered Charities
- ii. O.A.P. Groups
- iii. Other community groups e.g. community organisations, unemployed groups etc.

| | | |
|--------------------------------|----------------|---------------|
| Estimated Total Income: | £11,000 | £9,390 |
|--------------------------------|----------------|---------------|