

<b>Report of:</b>	<b>Head of Commissioning</b>
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<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet : 20/03/14</b>

**CABINET**  
**20 MARCH, 2014**  
**FLORAL DISPLAYS AND GENERAL PLANTING SCHEMES**

**1 Purpose of Report**

- 1.1 To advise Cabinet of the floral displays and general planting schemes carried out in the Council's parks, town centres, housing areas and on traffic islands across the district and of the implications arising from these current arrangements.

**2 Recommendations**

- 2.1 That Cabinet consider and determine their preferred option from the two options set out in paragraph 5.19 of this report.

**3 Key Issues and Reasons for Recommendation**

- 3.1 The Council's Parks and Open Spaces Team have for a number of years operated a traffic island sponsorship scheme to raise additional income to support the provision of the existing floral displays and general planting arrangements across the district.
- 3.2 The sponsorship scheme has worked well in providing additional income, which after paying for the plants on specific traffic islands, contributes around £1,100 towards the cost of other floral displays across the district.
- 3.3 The remaining cost of maintaining floral displays and general planting schemes was met from the variation order provision within the former contract and more recently from the Street Scene contingency budget.

- 3.4 However, this year the Council has been informed by the Valuation Office Agency (Executive Agency of HM Revenues and Customs) that the advertising rights in respect of the sponsored display notices are subject to the payment of Non-Domestic Rates. The Council's Local Taxation and Benefits Section must therefore issue rates bills in accordance with the Rating List.
- 3.5 This decision has a direct impact upon the current floral display and planting arrangements across the district. The Non Domestic Rates (2014-15) for an island amounts to just over £282 and hence the ongoing cost ranges from £5,086 (18 islands rated to date) to £9 043 for all 32 sponsored islands. The impact of this change is that the additional income received from sponsorship and used to support the planting of other floral displays across the district has been eroded and there are insufficient budgets to continue with the existing planting schemes.
- 3.6 The Parks and Open Spaces Team are currently in the process of analysing and reassessing the current arrangements with regards to the sponsorship of traffic islands and will only retain sponsorship where there is a clear business case. Similarly the option to pass the rates liability on via increased sponsorship fees will be considered although it is likely to be prohibitive in the current financial climate.
- 3.7 In light of the financial difficulties the Council will face in the future a review of the current service provision is considered necessary. To maintain the current service would require additional resources of between £4,000 and £7,200 (reflecting the 20% of the additional business rates to be retained by the Council). Whereas a discontinuation of the service would save the Council £21,263 assuming hanging baskets and housing planting budgets are retained.
- 3.8 Consequently, Cabinet are requested to consider the options set out in paragraph 5.24 and to determine which is appropriate for the provision of floral displays and general planting schemes across the district in the future.

#### **4 Relationship to Corporate Priorities**

- 4.1 The detail contained in this report supports the Council's corporate priorities as follows:-
- Environment – Delivery of a cleaner, greener environment.
- Planning – Increase the economic, social and environmental impact of the District.
- Improved Living Environment – Allow attractive displays along arterial routes in and out of the District.

**5 Report Detail****Current Traffic Island Sponsorship Scheme**

- 5.1 For a number of years the Parks and Open Spaces Team have operated a traffic island sponsorship scheme to raise additional income which together with the Steet Scene contingency budget has been used to support the costs associated with the provision of the existing floral displays and general planting arrangements across the district.
- 5.2 The sponsorship scheme offers local businesses the opportunity to sponsor a traffic island and in doing so, an opportunity to raise their profile and promote their business to thousands of residents and visitors a year as well as making a positive contribution to the local community and environment.
- 5.3 Sponsors pay a one off set up fee for the design, manufacture and installation of the signs and an annual rental fee. The revenue generated by this scheme contributes to the maintenance of these traffic islands and also floral displays in town centres and other areas across the district.
- 5.4 This scheme works well in providing additional income. For 2103-14 the income was estimated to be in the region of £11,500 (excluding any business rates liability), which after paying for the plants on specific traffic islands, would have contributed around £1,100 towards the cost of other floral displays across the district.

**Recent changes and implications**

- 5.5 This year the Council has been informed by the Valuation Office Agency (Executive Agency of HM Revenues and Customs) that the advertising rights in respect of the sponsored display notices are subject to the payment of Non-Domestic Rates. The Council's Local Taxation and Benefits Section must therefore issue rates bills in accordance with the Rating List.
- 5.6 As a consequence the Parks and Open Spaces team have received Non-Domestic Rates bills for 18 out of 32 sponsored islands; all of which have been backdated 4 years to 2010-11.
- 5.7 The current Non-Domestic Rates bills received total £18,997.20 and are made up of £14,007.60 in respect of backdated liability and £4,989.60 current year liability (2013-14).
- 5.8 Should all 32 traffic islands be rated the total Non-Domestic rates liability would increase to £33,772.80 (£24,902.40 backdated + £8,870.40 current year)

5.9 Since 1 April 2013, the rules regarding the retention of rate income have changed. Whereas Non-Domestic Rates were previously paid in their entirety to Central Government, receipts are now shared in the following proportions:-

- 50% to Central Government.
- 40% to Cannock Chase District Council
- 9% to Staffordshire County Council.
- 1% to Stoke-on-Trent and Staffordshire Fire and Rescue Authority.

If the Councils Business rates exceed the Governments Baseline a 50% levy is made on CCDC's share however if retained Business rates is lower than the Baseline the Council becomes liable for the full 40% impact.

Based upon the Councils current forecast of Business Rates a levy would be charged and hence the net cost to the Council will therefore be 80% of any rate liability assessed.

5.10 Although the net cost to the Council is 80% of the rates liability the full cost is used in assessing the impact on the Parks and Open Spaces Team budget.

5.11 The impact of having to pay Non-Domestic rates has completely eroded any additional income generated through sponsorship. So much so that there is no additional income available to provide plants for other areas of the district and the cost of planting the sponsored islands is also not covered. Based on the 18 islands currently liable for rates the additional cost is in the region of £4,000 and should all 32 islands be rated this cost would increase to around £7,200 unless the level of sponsorship was increased to compensate.

**Current Floral Displays and General Planting Arrangements**

5.12 **Hanging Baskets** – Floral displays are planted in 264 hanging baskets across the district in May each year and removed in October. The expenditure for these floral displays is contained within the existing budget provision of £5,260.

5.13 **Floral Displays** – Every year around bedding plants and bulbs are planted in our parks, town centres, housing areas and traffic islands.

<b>Planted</b>	<b>Season</b>	<b>Flower</b>
October	Spring	April/May
May/June	Summer	June/September

5.14 The estimated expenditure for the floral displays and general planting arrangements carried out across the district is set out in the table below:

<b>Where</b>	<b>What</b>	<b>Cost £</b>	<b>Who</b>
Hanging Baskets	264 hanging baskets Floral Displays	£5,260	Parks & Open Spaces Team
Main Parks: Cannock, Elmore, and Ravenhill.	Bedding Displays	£1,412	Landscape Group
Traffic islands across the District	8 Traffic Islands with floral displays and 24 with no floral displays	£10,442	Parks & Open Spaces Team
Town Centres	Excludes planting provision covered by Town Centre Improvement Budget	£6,409	Parks & Open Spaces Team
Housing Areas: Trinity Carfax Estate		£2,024	Parks and Open Spaces Team
Civic Centre		£1,514	Parks & Open Spaces Team
Cemeteries		£1,486	Parks & Open Spaces Team
Total		£28,547	

- 5.15 The total cost, budget cost and net cost of the current planting arrangements are set out below:

	£ <sup>1</sup>
Total Cost	28,550
Contribution from Sponsorship	11,500
Specific Budgets – General Fund	5,260
- Housing Revenue Account	2,020
Nest Cost of Service (Funded from Street Scene Contingency Budget)	9,770

- 5.16 The total cost to the Council will rise to £16,970 with the potential additional cost of Business Rates liabilities.
- 5.17 The Parks and Open Spaces Team are currently in the process of analysing and reassessing the current arrangements with regards to the sponsorship of traffic islands and will only retain sponsorship where there is a clear business case.
- 5.18 The above costs assume the existing level of sponsorship but this may fluctuate up and down over the year, thereby affecting the level of contingency budget that is required to supplement the cost of planting. Members may wish to review the service dependent upon the level of sponsorship achieved in 2014-15.

### **Options**

- 5.19 The key issues with regard to the existing arrangements and as a result of the decision by the Valuation Office to rate the sponsorship signs on traffic islands is that there is insufficient budget to continue with the current level of floral displays and planting schemes across the district and no provision exists to meet the Non-Domestic Rates liability. As such and given the financial difficulties the Council will face in the future a number of options are set out below for further consideration by Cabinet.
- (i) To cease planting where there is no budget provision.(Parks, Traffic Islands, Town Centres, Civic Centre and Cemeteries). This would impact upon the visual amenity in public areas and the ability to retain “Green Flag” awards in the Council’s main parks. It is generally acknowledged and accepted that floral displays brighten and improve the ambience of our streets, town centres and public parks. This option would remove the need to seek

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<sup>1</sup> Rounded

sponsorship and thereby avoid Non-Domestic rates liability in the future.

- (ii) To continue with current level of floral displays and planting schemes and to supplement the existing contribution from the contingency budget of £9,770 with a further £7,200 (Business Rates) by using the operational contingency budget within the Parks and Open Spaces Team. (Total Cost £16,970). The reduction of the contingency budget may have a potential impact upon the operation of the Parks and Open Spaces service in the future, given that budgets are still being allocated appropriately following the previous external contractor (Fountains Plc) going into administration in January 2012 and following Cabinet's decision on 18 April 2013 to provide the service in-house for a period of 5 years.

## **6 Implications**

### **6.1 Financial**

No provision exists within the Parks and Open Spaces Budgets for Non Domestic Rates for the sponsored islands

To date a liability of £18,997.20 exists in relation to 18 islands that have been billed for and this could increase to £33,772.80 if all 32 sponsored islands are taxable. The bills relate to the period 2010-11 to 2013-14 and will be charged and accommodated within the 2013-14 accounts.

Based upon the Councils current forecast of Business Rates the net cost to the Council will therefore be 80% of any rate liability assessed, with the council retaining 20% of the Business rates growth.

The ongoing liability to maintain the current service would require additional net resources of between £4,000 and £7,200 (reflecting the 20% of the additional business rates to be retained by the Council) and could be accommodated within the contingency sum of the street scene budget.

At present £9,770 of the floral displays budgets is met from the street scene contingency budget.

The Council is currently forecasting a shortfall of £186,000 in 2015-16 and £572,000 in 2016-17 and hence a review of the service against the other priorities of the Council is required

### **6.2 Legal**

None

**6.3 Human Resources**

None

**6.4 Section 17 (Crime Prevention)**

None

**6.5 Human Rights Act**

None

**6.6 Data Protection**

None

**6.7 Risk Management**

A decision not to continue with the existing level of floral displays and general planting schemes could potentially have a reputational impact on the Council and will need to be managed and communicated effectively.

**6.8 Equality & Diversity**

None

**6.9 Best Value**

The review of the level of provision and associated costs is an integral part of the service's monitoring arrangements, thereby enabling the Council to assess the effectiveness and value of the service provided to secure best value.

**7 Appendices to the Report**

**Previous Consideration**

**Background Papers**