

Christmas Light Funding Options**Report by John Blair, Director, Resources****1 Purpose of Report**

At its meeting of 20 December 2016 Council accepted a proposal from Council officers to "Review Christmas Light Funding" as part of the overall financial strategy to meet the financial budget deficit facing the Council.

The potential cash saving, which has been included in the budget projections for 2017/18 in the event that the provision of Christmas Lights no longer be carried out by the Council, based on 2016/17 outturn figures was £66,800. The revenue budget reduction was estimated to be £60,000 at the time the budget for 2017/18 was set by the Council.

The purpose of this report is to invite Council to consider the following options;

- A. Whether it wishes to continue to fund the supply, erection, maintenance, and take down of Christmas Lights and trees at the various towns across Midlothian including support Switch on Events
- B. Consider an option to reduce this funding over a phased period (of up to five years) subject to local communities bridging the funding gap and taking responsibility for the funding to provide Community Christmas lights in the future.
- C. Cease the supply, erection, maintenance and the take down of all Christmas lights and trees across Midlothian from Winter 2017.

2 Background**2.1 Locations affected**

The provision of Christmas lighting varies across Midlothian depending on the size of the town or village and the previous efforts made by some communities to generate external funding sources.

Based on 2016 Christmas lights are provided at the following locations;

- Penicuik
- Loanhead
- Bonnyrigg
- Dalkeith
- Mayfield
- Gorebridge
- Newtongrange
- Pathhead
- Lasswade
- Roslin
- Bilston
- Rosewell
- Danderhall

In addition to Christmas lights a number of locations are also provided with a Christmas tree within the community

The direct cost of supplying, erecting, maintaining and removing Christmas lights and associated work is approximately £66,800 per annum based on 2016/17. This sum also includes the costs associated with the various switch on events which

traditionally take place when residents are available to attend ie evenings and weekends.

2.2 Community Involvement

At this stage the review of Christmas Light funding has not been specifically highlighted with local community groups. However, with the potential for the cessation of this service it has become widely known (as part of the Council's budget process) and has been commented on particularly through social media.

Accordingly at this point in time there have been no firm proposals brought forward by local communities that would allow the provision of Christmas lights to continue in local area. Historically some financial support has been provided from Penicuik and Newtongrange communities [to the Council] who have indicated they would continue to provide funds to offset the costs of the service going forward.

In this regard and in the wider context, contact could be made with each individual community group to ascertain whether they would be in a position to meet any future funding gaps which would allow option B) as outlined in section 1 above to be pursued. i.e. each local community fund the service directly themselves.

A further option for community self help which could be progressed would be the installation of infrastructure and equipment in each town/village that would simplify the erection and dismantling of the lights. This is similar to the scheme provided in the Scottish Borders towns where the Council play a very minimal role in the provision of Christmas lights. In this regard there are two options to be considered; where the communities would take responsibility for the erection maintenance repair of removal of Christmas lights.

- 1) One off infrastructure investment which would require qualified electrical personnel to erect the lights at an initial capital cost of £66,000
- 2) One off infrastructure which would require competent but not necessary qualified personnel to erect the lights at an initial capital cost of £135,000

These options are set out in further detail within the next section of the report.

3 Options for Consideration

3.1 Continue Existing Service [Option A]

The operation to erect, maintain and take down Christmas lights is carried out over a four month period of the year and generally involves staff from the Council's Land and Countryside and Road lighting teams.

Initially this work includes the checking and replacement of individual light fittings prior to the erection and installation within the towns and villages.

In addition there requires to be strength checking of light fittings on the street, pull testing on the buildings and further electrical testing on site.

The following table outlines the full costs for 2016/17 Christmas Lights; which included additional features compared to previous years.

Task	Cost 16/17	Note
Check, repair, testing of lights and equipment	£11,500	
Erection and removal of the lights	£34,400	
Christmas tree supply and provision	£6,500	
Estimated Energy Supplies	£3,000	
Switch-on events staffing and management	£6,700	
Other Event Support Costs	£5,800	(a)
Total Expenditure 2016/17	£67,900	
Contribution from communities	£1,100	
Net costs 2016/17	£66,800	

Note:

(a) The other event support costs comprise;	
▪ Catering at event switch on events	£1,400
▪ Festive event sundries previously funded via Ward Revenue Environmental funds	<u>£4,400</u>
	<u>£5,800</u>

The costs outlined in the table above, assume that no further lighting is added to the existing stock and that no significant replacement of lighting is required. It should be noted that some of the equipment is dated and nearing the end of its useful life.

Christmas lighting has a limited life and therefore if a decision was taken whereby the Council assumed full responsibility for providing Christmas lights an allowance would require to be made for the ongoing replacement of lights. A prudent figure of £10,000 per annum would require to be set aside for this purpose if the existing levels of equipment were to be provided.

The full year costs associated with the supply, erection, maintenance and removing of Christmas lights and associated infrastructure is £66,800. Following the Council decision in December 2016 the sum of £60,000 has been removed from Land and Countryside revenue budget in 2017/18.

Currently, Christmas lights are stored within a sizable ageing shed at Vogrie Country Park. During a recent Health and Safety inspection of the building it was identified that asbestos was present in the shed, and the shed was in a fragile condition. If significant activity was to take place within the shed i.e. the maintenance, removal and inspection of lights, there is a risk that the asbestos could be disturbed and become a hazard to staff. In addition the condition of the roof which is integral to the asbestos panels gives cause for concern and would require to be replaced in the near future.

The capital cost of repairing the working and storage shed at Vogrie Country Park is estimated at £90,000. If this option was to be progressed this sum would require to be allowed for in the general capital budget. This would give a consequential annual revenue cost of £6,500 per annum over a 20 year period. However, this option is not being recommended by Director Resources as this is not the optimum location for serving the whole of Midlothian. The alternative is to hire a suitable shed at an estimated annual cost of £10,500 per annum depending on availability.

It should also be noted that an exercise is currently underway which will outline the future potential strategic options for the future Vogrie Country Park. It is therefore considered not prudent upgrading the shed at this time for the reasons outlined.

The following table summarises the revenue costs of continuing to provide Christmas lights;

Option (A): Council continue to fund Christmas lights

Revenue Costs	Cost
Erection, maintenance and removing lights	£66,800
Shed hire for storage and workspace	£10,500
Estimated Annual Replacement of lights	£10,000
Total costs	£87,300

3.2 Reduced Funding [Option B]

Based on the total costs set out in 3.1 this option seeks to reduce funding over a period (e.g. phased over one to five years) which would allow communities to identify funding to allow the service to continue if this were the wishes of individual communities.

If funding was reduced over one year i.e. no funding support towards Christmas 2018, then no financial provision would require to be allocated in the 2018/19 budget.

If funding was reduced over a phased period (five years) the following table outlines the funding that could be reduced compared to existing service levels.

Option (B): Five Year Phased Reduction

	2017/18	2018/19	2019/20	2020/21	2021/22	Thereafter
Base funding	£66,800	£53,440	£40,080	£26,720	£13,360	£0
Storage Cost	£10,500	£10,500	£10,500	£10,500	£10,500	£10,500
Total	£73,300	£63,940	£50,580	£37,220	£23,860	£10,500

In addition, infrastructure improvements as outlined in section 2.2 requires to be considered by the Council if communities wish to continue to provide with Christmas lights. This option does not include a sum for the annual replacement of lighting.

3.3 Communities Involvement [Option C]

The table in 3.2 outlines the funding required from the Council if this was to be reduced over a phased period (five years).

In addition if Council were minded to provide infrastructure that would make it simpler for communities to take on the responsibility for Christmas lights the following table summarises the capital investment required;

Capital Investment	Cost
C1 :Infrastructure requiring qualified personnel	£66,000
C2 :Infrastructure requiring competent personnel	£135,000

Progressing one of these options would depend on communities agreeing to accept responsibility for the erection, maintenance and removal of the lights, and for a sustainable period.

The following tables summaries the cost of these two options regarding community involvement.

Option (C1): Qualified Personnel

This cost relates to a mutual capital investment of £66,000

	2017/18	2018/19	2019/20	2020/21	2021/22	Thereafter
Base funding	£66,800	£0	£0	£0	£0	£0
Storage Cost	£10,500	£10,500	£10,500	£10,500	£10,500	£10,500
Loan Charges	£680	£4,500	£4,500	£4,500	£4,500	£4,500
Total	£77,980	£15,000	£15,000	£15,000	£15,000	£15,000

Option (C2): Competent Personnel

This cost relates to a mutual capital investment of £135,000

	2017/18	2018/19	2019/20	2020/21	2021/22	Thereafter
Base funding	£66,800	£0	£0	£0	£0	£0
Storage Cost	£10,500	£10,500	£10,500	£10,500	£10,500	£10,500
Loan Charges	£1,400	£9,100	£9,100	£9,100	£9,100	£9,100
Total	£78,700	£19,600	£19,600	£19,600	£19,600	£19,600

3.4 Complete Cessation of Christmas Lights Service: Option (D)

This option to cease funding of the supply, erection, maintenance and removing Christmas lights include Christmas Trees provides a cash saving to the Council of £66,800 per annum based on 2016/17 outturn position.

4 Report Implications

4.1 Resource

If Council is minded to continue to support the supply, erection, maintenance and dismantling of Christmas lights this will increase the budget gap previously identified to the Council by the Head of Finance and Integrated Service Support.

The following table outlines the financial position of all the options as set out earlier in the report.

SUMMARY POSITION						
Revenue Costs	FY 1718	FY 1819	FY 1920	FY 2021	FY 2122	Thereafter
	£	£	£	£	£	£
Option A :Existing Service						
Revenue Cost to Council	66,800	66,800	66,800	66,800	66,800	66,800
Replacement lighting	10,000	10,000	10,000	10,000	10,000	10,000
Add : Cost of Storage	10,500	10,500	10,500	10,500	10,500	10,500
Total	87,300	87,300	87,300	87,300	87,300	87,300
Option B : Phased Reduction (Community Funding)						
Revenue Cost to Council	66,800	53,440	40,080	26,720	13,360	0
Add : Cost of Storage	10,500	10,500	10,500	10,500	10,500	10,500
Total	77,300	63,940	50,580	37,220	23,860	10,500
Option C1 :Community managed: Qualified Personnel						
Revenue Cost to Council	66,800	0	0	0	0	0
Add : Cost of Storage	10,500	10,500	10,500	10,500	10,500	10,500
Loan Charges	680	4,500	4,500	4,500	4,500	4,500
Total	77,980	15,000	15,000	15,000	15,000	15,000
Option C2 :Community managed: Competent Personnel						
Revenue Cost	66,800	0	0	0	0	0
Add : Cost of Storage	10,500	10,500	10,500	10,500	10,500	10,500
Loan Charges	1,400	9,100	9,100	9,100	9,100	9,100
Total	78,700	19,600	19,600	19,600	19,600	19,600

The following table sets out the impact of each of the options on the Council's overall reserves position.

IMPACT ON RESERVES	FY 1718	FY 1819	FY 1920	FY 2021	FY 2122	Thereafter
	£	£	£	£	£	£
Option A :Retain existing service	87,300	87,300	87,300	87,300	87,300	87,300
Option B : Phased Reduction (community funding)	77,300	63,940	50,580	37,220	23,860	10,500
Option C1 :Community managed: Qualified Personnel	77,980	15,000	15,000	15,000	15,000	15,000
Option C2 : Phased Reduction : Competent Personnel	78,700	19,600	19,600	19,600	19,600	19,600

The above table assumes that the Community Involvement options would commence in time for Christmas 2018

4.2 Risk

Notwithstanding the positive impact that the provision of Christmas lights have within local communities there is an element of retail activity that arises as a consequence of people being attracted to a particular area and this would be at risk if lights were no longer provided.

There is a risk to health and safety if the shed at Vogrie continues to be used during the period when the lights were erected and dismantled in its current condition.

However the overall financial gap facing the Council is unprecedented and it is incumbent to explore all options with regards to non statutory spend.

4.3 Single Midlothian Plan and Business Transformation

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☐ Sustainable growth
- ☐ Business transformation and Best Value
- ☒ None of the above

4.4 Key Priorities within the Single Midlothian Plan

In terms of the key priorities through the Single Midlothian Plan, the options set out in this report will allow the Council to consider its relative priorities.

4.5 Impact on Performance and Outcomes

The provision of Christmas lights has a positive impact on the physical well being of the local communities however this is a non statutory service and this report outlines alternatives for consideration by the Council.

4.6 Adopting a Preventative Approach

The options to continue to provide Christmas lights makes the local communities more attractive for those who live, visit and work in area.

4.7 Involving Communities and Other Stakeholders

No formal community consultation has taken place at this time. However, if the option to continue to fund for a defined period was agreed then consultation would take place to determine the level of support that could be guaranteed from communities.

The following table outlines a draft consultation programme which will involve the respective community groups if the Council requests the Director Resources to progress this option;

Action	2017 Aug	Sept	Oct	Nov	Dec	2018 Jan	Feb	Mar
Council decision [This Report]								
Plan Christmas events for 2017								
2017 Christmas events take place								
Remove equipment								
Communities Consultation exercise								
Collate responses to consultation								
Report to Council								

4.8 Ensuring Equalities

There are no equality issues arising from this report.

4.9 Supporting Sustainable Development

The proposals in this report provide options to continue to provide Christmas lights which are specifically aimed at increasing community involvement levels as identified in 2.1 above.

4.10 Digital Issues

There are no digital issues arising from this report.

5 Recommendations

It is recommended that Council consider the following recommendations:-

- a) If it wishes to continue to fund the supply, erection, maintenance and removing of Christmas Lights at the various towns across Midlothian as follows;
 - 1) Erect, maintain and remove lights at £66,800
 - 2) Hire a shed for the storage and repair of lights at £10,500 per annum
 - 3) Provide a sum to replace lights of £10,000, **[OPTION A]**
- b) Wishes to continue to fund the supply, erection, maintenance and removing of Christmas lights and to reduce this funding over a period (i.e. one to five years) as outlined in 3.2 subject to local communities bridging the funding gap, **[OPTION B]**
- c) If option B was adopted consider the option to provide infrastructure to make it simpler for communities to take on the responsibility for Christmas lights at a cost of;
 - 1) Suitable for qualified personnel at a capital cost of £66,00 resulting in recurring revenue charges of £4,500 **[OPTION C1]**
 - 2) Suitable for competent personnel at a capital cost of £135,000 resulting in recurring revenue charges of £9,100 **[OPTION C2]**
 - 3) Hire a shed for the storage and repair of lights at £10,500 per annum.
- d) Cease the supply, erection and maintenance of Christmas lights **[OPTION D]**
- e) In the event of the preferred option of the Council being other than cessation, then the capital costs be reflected in the General Services Capital Plan in 2017/18;
- f) Note that continuing to fund Christmas lights will add to the Councils Significant budget gap and will require further reductions across services to reduce the budget gap in 2017/18 and future years.

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Background Papers: