

**BUDGET CONSULTATION – TRADE UNION REPRESENTATIVES
FRIDAY, 7 JANUARY 2011 AT 1.00 PM**

PRESENT: Councillor J Mallinson (Chairman)
Councillor Mitchelson (Leader - until 1.10 pm)

Mr D Armstrong (UNISON)
Mr C Lexa (UNISON)
Mr D Atkinson (UNISON)

Ms M Mooney (Town Clerk and Chief Executive)
Dr J Gooding (Deputy Chief Executive and Strategic Director)
Mr P Mason (Assistant Director - Resources)
Mrs J Cross (Personnel Manager)

1. APOLOGY FOR ABSENCE

Councillor Mitchelson apologised that he would require to leave the meeting early due to another commitment.

2. WELCOME AND INTRODUCTIONS

Councillor Mitchelson welcomed the Trade Union representatives and thanked them for taking the time to attend the meeting and respond to the Executive's draft budget consultation.

Councillor Mitchelson informed the meeting that this was a most difficult and challenging budget for the City Council and its employees, and Executive Members were very conscious of the effect it would have upon staff. The options open to the Council were limited and he emphasised that the budget consultation should be viewed in that light and the need to ensure that the authority was sustainable in the future.

The various parties then introduced themselves.

3. CITY COUNCIL BUDGET 2011/12

Dr Gooding outlined the background to and context of the 2011/12 budget, commenting that previously focus had centred upon the Transformation Programme and the need to achieve £3m in savings over three years.

Although the achievement of those savings was positive for the City Council, the Government's Comprehensive Spending Review imposed a 26% reduction in Revenue Grants to Local Authorities over the next four years (to be front loaded, so 12% reduction for 2011/12), as a result of which the Council needed to make a further £2.5m savings from the Revenue Budget. In addition, there would be a 45% reduction in Capital Grants.

The options open to the Council were:

- to reduce the discretionary services it provided, which could be done relatively quickly. Discretionary services were, however, valued by the community and defined the local authority;
- in the medium to long-term it would be possible to look at Shared Services, re-modelling of service provision and commissioning of services i.e. at lower costs; and
- to seek to increase income via fees and charges.

Dr Gooding added that strategically, and of considerable importance, was better use of the Council's assets. A Review was underway, the aim of which was to generate income and protect services. It was hoped that between £1 - £1.5 m per annum could be realised through better asset management. The Draft Asset Business Plan would be considered by the City Council on 11 January 2011.

Mr Mason reported that the Executive Budget Proposals issued for consultation were based upon detailed proposals which had been considered by the Executive over the course of the last few months.

The Council was facing many financial challenges over the next five-year planning period and forecast resources were not anticipated to cover the expenditure commitments without a major 'transformational' review of service provision.

Mr Mason then gave a presentation on the 2011/12 Budget, copies of which were tabled at the meeting.

Mr Mason emphasised that this was the toughest budget he had known. The City Council had a good track record in terms of the achievement of efficiencies and could dip into its reserves in the short term when necessary. The principal issues were around the Comprehensive Spending Review; Pension Fund Revaluation; impact of the recession (fees and charges; and Treasury

Management); and reduced level of capital resources which meant that the Capital Programme was unaffordable. The impact upon the Council was clearly evidenced in the revised reserves position after Government announcements as set out in his presentation.

Mr Mason then outlined in some detail the position with regard to the Revenue and Capital Budgets. Looking at the projected reserves position, it was clear that the Revenue Reserves would dip in 2012/13 before building up to a healthy position on 2015/16. £1.5m needed to be retained in reserve for emergencies.

In conclusion, Mr Mason advised that the Executive Budget Proposals were based upon Officers' advice and were open to consultation until 9.00 am on 19 January 2011, following which the Executive would consider consultation feedback prior to proposing its response to the budget consultation and recommendations for submission to the City Council on 1 February 2011.

Discussion arose, during which the following questions and issues were raised:

Mr Lexa referred to the significant requirement to fund expenditure from reserves, which would result in a reduction in Reserves from 2011/12 before those were built up once more by 2014/15. Bearing in mind that the City Council was in an emergency situation at the moment, he questioned the purpose of those Reserves.

In response Councillor Mallinson explained that Reserves were retained for unforeseen emergencies and to ensure that the Council could continue its business. Although there was no fixed level for Reserves, a professional judgement had to be taken and Mr Mason required to be satisfied that a prudent level of Reserves was retained. Councillor Mallinson added that he considered the projected reduction in Reserves to be preferable to making more acute and draconian spending cuts.

Mr Lexa asked what level of Reserves was deemed to be reasonable.

Mr Mason explained that the appropriateness of the level of reserves could only be judged in the context of the Council's longer term plans and an exercise had been undertaken to review the level of Reserves through the use of a risk matrix. The findings of that exercise suggested that £3.8m continued to be a prudent level. Currently Reserves stood at £1.7m but, under the budget proposals, there should be a steady rise to £3.8m by 2014/15. External audit monitored the position and were very supportive. There was no formula for Capital Reserves.

Mr Lexa noted from the first presentation slide, which depicted the current Reserves Position before the 2011/12 budget considerations, that by 2014/15

£4m would be held in Reserves. He questioned whether that figure was excessive.

Councillor Mallinson replied that he did not expect the Revenue Reserve to peak at over £4m. He emphasised that the Council was not in the business of building up Reserves beyond what was deemed to be a prudent level.

Mr Mason indicated his agreement, commenting that one-off overspends still had to be funded from Reserves.

Dr Gooding clarified that the slide referred to set out the current position; what would happen if the Council took no action; and the end position if the situation improved.

Mr Lexa asked whether the Executive would commit to reduced cuts if the Council's income position improved.

Councillor Mallinson considered that question to be hypothetical, believing that matters may get worse rather than better. The Executive was committed to providing the best services possible and, should matters improve, they would adopt a more relaxed attitude to cuts. The reality was that the City Council would employ fewer people, which was a tragedy, and he could not envisage a return to previous staffing levels.

Mr Armstrong sought clarification with regard to the proposed expenditure reductions of £44,000 under the Governance Directorate.

In response Councillor Mallinson advised that, since the issue was currently the subject of discussions, he was not in a position to comment further for the record at this time.

Mr Lexa sought clarification on the relatively low income level, given that the Council had assets worth £140m.

Dr Gooding replied that income levels had reduced and the £140m referred to included operational assets. Councillors were aware of the position as regards yield from the portfolio. He added that the Council should dispose of low yield assets and invest in high yield assets, which was why it was currently reviewing its holdings.

Councillor Mallinson added that it was important that the Council maintained an asset base and was able to demonstrate good reasons for retaining its assets. In the past one of the prime reasons for the retention of assets was to derive income from those assets. It was his belief that the Council must maximise

income from its assets and use that to direct and enrich the possibility of making the City more prosperous by encouraging employment and expansion.

Mr Lexa had no problem with the retention of property, provided it performed as well as possible. It was important that focus was directed to that aspect since each % added to the revenue available to the Council.

Mr Lexa noted that a large sum of money was directed towards Town Twinning and questioned whether that should be reduced in the current economic climate.

Councillor Mallinson replied that it was proposed that the Town Twinning budget of £29,000 be reduced to £20,000. Mr Mason added that much of that money was spent on Youth Exchanges.

Mr Lexa sought clarification on the proposed expenditure reduction of £23,000 for the Tourist Information Service. He was concerned that if other local authorities did not similarly cut their budgets visitor numbers to Carlisle would reduce.

Ms Mooney undertook to obtain further detail on the issue.

Councillor Mallinson said that tourism funding had been much reduced with the demise of the NWDA. It was nevertheless important to encourage and develop tourism in a different way and the Portfolio Holder was currently working to draw funding in.

Ms Mooney outlined the current position regarding Regional Development Agencies, which had impacted upon the availability of funding for tourism. Regionally efforts were being made to secure some funding. In addition, consideration was being given to tourism in conjunction with the City Centre Partnership; and the possibility of submission of an application for a Business Improvement District as a way of protecting funding.

She added that Eden District Council was reducing expenditure on tourism, as she understood was South Lakeland District Council.

Councillor Mallinson wished to make it clear for the record that the need to achieve savings of the level proposed gave him no pleasure, but a judgement required to be taken at the end of the day.

Mr Lexa expressed surprise at the amount of money which the Council spent on subscriptions.

In response, Councillor Mallinson stated that the total subscriptions budget amounted to £160,000, which included membership of a number of professional organisations to which staff belonged. The Executive had suggested that Officers peruse the list with a view to making savings. Clearly certain professional publications required to be retained by particular Officers, but there may be scope for sharing others via a library system. The Council gleaned significant benefit from its membership of organisations such as the Local Government Association which should be retained. It was important to review the matter in a responsible manner.

Mrs Cross added that benefits such as reductions in training costs also resulted from certain subscriptions.

Mr Lexa questioned the position with regard to the expenditure reduction of £30,000 for CCTV.

Ms Mooney advised that consideration was being given to staffing and a county-wide review. A saving had to be made and Officers would be working with all Cumbrian District Councils to explore options for a county-wide method of CCTV delivery.

Referring to the reduced staffing levels within the City Council, Mr Lexa indicated that he did not envisage the private sector having sufficient capacity to employ all redundant City Council employees. He further questioned the expenditure reduction on the Pay Award.

In response, Mr Mason said that the City Council undertook its own pay bargaining.

Councillor Mallinson gave an assurance that, as far as he was aware, the City Council had no intention of abandoning pay bargaining.

Mr Lexa asked whether the £286,000 related to one-off transformational costs.

Mr Mason explained that the figure related to redundancy costs and there was £1m left in the budget for the future.

Mr Lexa was given clarification on the existing non-recurrent commitment approval of £40,000 in relation to Area Maintenance Street Cleaning and £27,000 in respect of an Enforcement Officer.

Mr Mason advised that those figures related to non-recurring commitments from earlier budgets.

In response to a request, Ms Mooney and Mr Mason explained the references in the proposed capital programme to the Resource Centre and ICT Shared Service.

Mr Lexa believed that the Conference Group brought money into the City and therefore questioned the expenditure reduction of £28,000 in relation to the Group.

Ms Mooney commented that there had been a down-turn in the take up of conference facilities and hotels due to the economic recession, and the private sector made a contribution.

Dr Gooding added that there was a discussion to be had as to how much the Council should directly subsidise the tourism industry.

In conclusion, Mr Lexa said that he was uncomfortable with the general proposed lack of investment in the economic development aspect of the City, especially in the current difficult economic climate. He considered that, if other authorities were reducing their support for tourism, then Carlisle would benefit from the retention of City Council funding.

Councillor Mallinson undertook to give the matter consideration.

(The meeting ended at 2.20 pm)