

## CITY COUNCIL BUDGET 2002/2003

## TRADE UNION CONSULTATION

FRIDAY, 11 JANUARY 2002 at 2.00 p.m.

PRESENT: Councillor Firth  
 Councillors Mrs Geddes  
 Councillor Stevenson  
 Councillor Mitchelson

Mr J Shires )  
 Mr C Wright ) UNISON  
 Ms I Davison )  
 Ms S Graham )

Mr P Savage, GMBATU

## JCC.01/02 ELECTION OF CHAIRMAN

Councillor Mrs Geddes was elected Chairman of the meeting. Councillor Mrs Geddes thereupon took the Chair.

## JCC.02/02 APOLOGIES FOR ABSENCE

Apologies for absence were received from Mr McGuckin.

## JCC.03/02 CITY COUNCIL BUDGET 2002/03

Copies of the City Treasurer's Financial Memo 2001/02 No. 120 General Fund Revenue Estimates and Budget Considerations, Financial Memo 2001/02 No. 103 (amended) Housing Revenue Account Revenue Estimates, Financial Memo 2001/02 No. 144 (amended) Estimated Capital Resources and Capital Programme for 2002/03. The Director of Environment and Development's report EN.189/01 – The Housing Improvement Programme for Private Sector Properties and the Director of Housing's report H.117/01 Integrated Public Sector Improvement Programme for 2002/03 had been circulated, together with a copy of the Executive's draft budget resolutions for the General Fund Budget, Capital Budget and the Housing Revenue Account Budget for 2002/03.

**General Fund**

The City Treasurer briefly outlined the position with regard to the General Fund Revenue Estimates and the General Fund Budget and commented on the impact in 2002/03 of the Local Government Finance Settlement which had been a disappointing settlement for District Councils as a whole and for

Carlisle City Council in particular. He highlighted the revised shortfall of approximately £90,000 in the level of external support grant from that which he had originally estimated and outlined the costs of LSVT which would fall in 2002/03.

The City Treasurer added that given the current levels of Council expenditure and Council Tax projections there would be a shortfall of funding in the order of approximately £650,000 for the Council Budget in 2002/03 and the funding gap would grow to £1.1million in 2003/04 and £1.5million in 2004/05 before taking account of any savings evidenced by the review of the Council's corporate management arrangements.

The City Treasurer added that one of the major components in the budget for 2002/03 would be Housing Stock Transfer and he drew attention to the work presently being carried out by the consultants to inform on the future shape of the Authority post LSVT should the ballot support the transfer of stock. The City Treasurer added that the funding gap outlined above took no account of any savings which might result from that restructure.

Mr Savage noted the potential deficit on the Council Budget for 2002/03 and questioned how long the level of deficit had been known and the actions which the Council had taken to address the matter. The City Treasurer informed the meeting that he had produced an initial budget forecast for the City Council in August 2001 which showed a modest deficit on the General Fund Budget and the impact of LSVT. He added however that since that time and particularly due to the events of 11 September and the poor level of grant settlement there had been a significant impact on the Council's Budget which had shown a deterioration in the order of £400,000.

Councillor Stevenson commented that the Executive's draft budget for 2002/03 was essentially a consolidation budget and he commented on the impact of LSVT, the introduction of new political structures and the support for the property management function of the authority. He added that these taken together with the impact of increased cost of Insurance and the decrease in the level of government grant had all impacted on the City Council's budget for 2002/03. He added that the Disability Discrimination Act, the fall in the level of interest rates and the cost of the Council's Millennium Scheme had also impacted on the Council's budget and the budget for 2002/03 was an attempt to consolidate the Council's position. He added that in that respect the Executive were seeking views on whether the level of Council Tax increase should be 5% or 8% (or 7% if account is taken of the recent improvement to the revised settlement).

Mr Savage commented that the Council, in common with other authorities, were making slow progress on Single Status and sought details of the budget allocation which the Council were making to cover any costs resulting from implementing Single Status.

The City Treasurer commented that in respect of those items in the Single Status Agreement which were still subject to discussions the Council had not

allocated any funding within the budget. The Head of Personnel Services added that the Council had suspended its work on Job Evaluation until such time as the LSVT and externalisation of Leisuretime were completed. He added that it was difficult to identify those elements of Single Status which could require additional funding and those where economies could be made.

The Head of Personnel added that in respect of Job Evaluation it was felt to be inappropriate to rank jobs in the Housing Department alongside jobs from the rest of the Authority and it would be more pertinent if the Job Evaluation exercise took place after LSVT and the externalisation of Leisuretime as the shape of the authority and the responsibilities in different posts could be altered as a result of the organisational review.

Mr Wright (Unison) in noting the potential deficit of £1.5 million in 2004/05 questioned the measures which the Council were taking to address that deficit which would not impact on staff. The City Treasurer commented on the funding which would be recouped as a result of the work on Housing Stock Transfer and added that there were expected to be savings arising from any future restructure of the authority.

Councillor Stevenson added that there was no funding anticipated in the budget for Job Evaluation in 2002/03 and that the date for continuing the Job Evaluation Scheme would emerge once LSVT and externalisation of Leisuretime had been completed and the revised Organisational structure was agreed.

The Town Clerk and Chief Executive commented that the three-year budget plan needed to be developed and dealt with alongside the consultant's report on organisational assessment and the Corporate Plan in terms of long-term planning issues for the City Council.

Mr Savage highlighted possible equality issues for the Council arising from Carlisle Works and in particular the sickness entitlement/holiday entitlement and the need to treat employees of Carlisle Works fairly.

### **Housing Revenue Account**

The City Treasurer commented on the Housing Revenue Account for 2002/03. He added that currently it was estimated that assuming a positive result from the ballot the stock transfer would take place on 9 December 2002, he informed Members that for 2002/03 the limit for rent for subsidy purposes had been set at £43.41. The Executive had proposed an increase in rent of 4.5% which was equivalent to an average increase of £1.94 per week, compared to 5.2% under the DTLR guideline rent increase.

Unison representatives questioned the effect of a "no result" from the LSVT ballot. The City Treasurer commented that apart from being unable to recover its costs incurred on the transfer process to that date, there would be no impact in the 2002/03 budget but there would be a major impact on the way in which the Authority was able to operate as a housing provider in the years

ahead. The Director of Housing highlighted the need to achieve "stock standard" by 2010 which would require the Authority to invest some £50 - £60 million. He suggested that without stock transfer the Authority would be unable to achieve that level of investment and would not be able to meet the standard for decent homes. He also highlighted the impact on the Housing Revenue Account and the requirement to take corrective action or fall into deficit. He added that in that respect some discretionary services had already been moved from the Housing Revenue Account to the General Fund and it was likely that funding from repairs and renewal would have to be cut which would cause further problems to the City Council in trying to maintain the housing stock to a proper standard.

### **Capital Budget**

The City Treasurer commented on the Council's Capital Budget for 2002/03 and highlighted the total capital resources of £7,696,610 which were available for capital spending in 2002/03, some £523,000 of which were proposed to be carried forward to 2003/04 which would leave capital resources of £7,173,610 for the Council's Capital Programme of 2002/03. The City Treasurer drew attention to the proposals in the Executive's draft budget resolution.

### **General Questions**

Chris Wright (Unison) questioned the City Treasurer on the level of Council reserves for 2003/04. The City Treasurer set out the total estimated General Fund balances as at 2003/04 of £7,834,000 should the Council adopt a 5% tax increase, although this was dependent on the reimbursement of £1.2 million spend on LSVT.

Councillor Stevenson raised the question of the Council adopting a 5% tax increase or an 8% tax increase and also highlighted consideration which was presently being given to the future of Political Assistants which could also form part of the budget process. He sought Trade Union's views on the above issues together with any views on the Council's budget generally.

Mr Shires (Unison) drew attention to the provision made in the level of General Fund savings arising from the increase in salary turnover savings and commented on the impact which such savings had on staff morale. The City Treasurer commented that the figure was based on historical trends and was not seen as a target. He stressed that there was no requirement on managers within the City Council to hold vacancies to achieve a set level of saving. In response to further questions from Mr Shires, the City Treasurer confirmed that whenever vacancies arose it was beholden on managers to assess the best way of filling the vacant posts.

Unison representatives commented on the provision of 3.5% for staff pay awards in the City Council's Revised Budget for 2001/02 and a provision of 3% in respect of the pay award for 2002/03. The City Treasurer reminded the meeting that the figure of 3% had been included in the previous years budget and he was aware of the claim which had been submitted by Unison for the

current years pay award. He added that if the pay award was greater than 3% then departments would need to identify equivalent savings.

Unison representatives commented on the pressure to fund such savings which could result in posts being kept open, and also on the serious impact which such savings had on staff morale.

Unison Representatives also commented on the level of DSO profit and questioned the City Treasurer on the effect of the DSO leaving the City Council.

The City Treasurer commented that the current level of DSO profit which was at present shared between the General Fund and the Housing Revenue Account would no longer be available to the same extent.

The Chairman then closed the meeting and thanked Union representatives for their comments.

(The meeting ended at 2.45 pm)