

## RESPONSE TO TREASURY REPORT

I would like to present the Executive's response to the Financial Paper just presented by the Treasurer

Firstly it is important to emphasise the fact that the finances of the City Council have been and remain very strong and stable. It is I believe our overriding duty as Councillors to ensure the financial stability of the authority. It is the intention of this Executive to ensure that this continues to be the case. We will plan the finances of the authority over a three-year strategic period, in so far as this is possible within the new grant regime to be adopted by the Government.

We are all aware of the proposed transfer of the housing stock and if the vote is positive, there are implications for this authority at both the organisational level and the financial. The possibility of a successful transfer has been the catalyst for a comprehensive review of the workings and services provided by this authority.

However, the financial pressures on the Council not only arise from the potential transfer of the Housing stock, but also from other pressures including the 1% rise in employers national insurance contributions, and the continuing effect of lower forecast interest rates which affect the Council's investment income.

We have to find substantial savings but I would emphasise two very important points: -

1. Regardless of the outcome of the Tenants' votes, this Executive will still carry out the various reviews of services that I am about to detail.
2. Although there is a requirement to find substantial savings over the course of the next 2 - 3 years, it would be of little use to this authority and a dereliction of our duty as an Executive to see every policy decision as a means to save money. Thought has and will go into the policies that we produce. All will represent necessary changes and will reflect the underlying philosophical outlook of this Executive and the Conservative members of the Council.

With that background I would set out the Executives' detailed response.

1. The Executive instructs the Chief Executive to generally look for and implement efficiency savings and review base budget estimates wherever possible throughout the whole authority.



2. The Executive instructs the Chief Executive in consultation with the appropriate portfolio holders to review the roles of Community Support and Economic Development with a view to amalgamating both into one department with an emphasise on sustainable economic regeneration. This will reflect the needs of this authority and also the views of central government's wishes in this area.
3. Tullie House has been and continues to be a successful part of this Council. Nevertheless it requires a very substantial subsidy from the taxpayer. The Executive therefore instructs the Director in consultation with the appropriate Portfolio Holder to produce a report reviewing the level of subsidy provided to Tullie House. The Executive believes it is important that Tullie House has as much operational freedom as possible to ensure that it maximises its efficiency and makes the best use of the subsidy granted. To help Tullie House achieve this, the level of subsidy granted to it will be forecast for the next 3 years so that the Managers at Tullie House will know where they stand. The Executive additionally believes that Tullie House should have even greater freedom. The Executive therefore instructs the Director, to investigate the possibilities of transferring Tullie House into a Trust. It is the view of the Executive that this will give the maximum operational freedom to the Managers of Tullie House and will lead to a greater ability to tap into additional sources of funding.



4. The Executive acknowledges the hard work carried out by the Advice Agencies in the City. We are however conscious of the very high level of subsidy provided by this authority to the Advice Agencies. It is also clear that there is a degree of overlap of functions between the agencies. The Executive therefore instructs the Director in consultation with the appropriate Portfolio Holder to bring forward a report assessing the options. It should be emphasised that the Executive supports the continuation of independent advice to the citizens of Carlisle. It is our intention to give greater certainty to the appropriate bodies by granting to them a 3 year grant forecast, stated annually. This would be subject to an appropriate Service Agreement with them.
5. Community Centres play a large role in many of the communities of Carlisle. This authority spends a substantial sum in supporting these centres which, compared to many other areas, is a high level of expenditure. It is not the intention of this Executive to seek substantial savings from this area of expenditure. Nevertheless, as I outlined at the beginning, this authority does wish to see changes to the policies relating to the centres, which we believe will be beneficial.



The legacy from the previous administration relating to Community Centres was one of comprehensive muddle. The Executive therefore instructs the Director in consultation with the appropriate Portfolio Holder to bring forward a report dealing with two specific points: -

(a) At present some Community Centres employ people directly while other are employed by the City Council but work exclusively for the Community Centres. We believe that this calls into question accountability and responsibility. It is therefore our intention to ensure that anyone who works for the Community Centres should be employed directly by the Community Centres.

(b) A proper criteria should be set up for the level of funding given to each Community Centre. At present there is no logic to the amounts each Community Centre receives by way of grant or support from this Authority, indeed some receive no grant at all. The Executive believes a Policy change will create fairness between the Community Centres.

Finally in line with the Executives desire to see a 3 year financial strategy, any grants given to the Community Centres will be planned for 3 years, and reviewed after that period. This will allow them to plan accordingly. There will also be an expectation that each Community Centre will enter

into a Service Agreement so that we can ensure that this authority is getting value for money.

6. Leisure Time - this is already subject to other policy decisions and we await the outcome of negotiations. There may well be a major capital consideration for this authority but that can be dealt with in due course.
7. This Executive will continue the policy on fees and charges laid out in the Corporate Charging Policy. Fees and charges will be reviewed in the early summer with a view to implementing any changes as soon as practicable. There is however two exceptions, Bereavement Services and Car Parking. We believe that this Council provides a high quality bereavement service. Nevertheless, the Executive is of the view that bereavement services, should aim over the long term to break even. Therefore, it is our intention to bring into balance the income and expenditure of the bereavement services over the course of the next few years. The options for Car Parking will be reviewed and consulted on during the course of the summer in the usual way.
8. The procurement policies of this authority are presently being reviewed. It is believed that this should produce a substantial saving. Further reports on this are awaited.



9. It is the Executives view that there should be no presumption that all grants should automatically be indexed linked. . The Executive will look at each area of expenditure on its own merits when it comes to considering whether or not these should be indexed linked.
10. The above list is not comprehensive. Officers are requested additionally to bring forward financial policy options in the following areas; Best Value funding, DSO profit levels, Highway claimed rights, Business Support and Enterprise, Town Twinning, Hostels and Housing Association support. . It must be accepted that further detailed reports may additionally be called upon during the course of the year. Nevertheless, the Executive does believe that the above will go a long way to improving service areas of this Authority and ensuring the financial stability of the Council.
11. It is apparent that capacity to support new spending is very limited. The Executive therefore instructs the Chief Executive to limit any requests, and ensure that any essential bids that are put forward for consideration have had prior consultation with the relevant Portfolio Holder and all of the funding options have been fully investigated.

Finally, I would like to make a reference to the Council Tax. At present the Council Tax constitutes a small percentage of the overall turnover of this authority. It is the belief of this Executive and underlying philosophy of the Conservative Party that taxation should be set at reasonable levels. This Executive does not accept that the taxpayer should bear the largest burden for any savings that may be required by this authority. It is therefore our intention to ensure that any increase in the Council Tax over the course of the next 2 or 3 years is kept to a minimum that would be fair and reasonable.

That concludes my response to the Treasury's Report. I would like to thank the Treasurer and his team for their work and I look forward, as I am sure my colleagues do, to receiving the various reports from other officers over the course of next two to three months.