

**NOTES OF BUDGET CONSULTATION
LARGE EMPLOYERS AFFINITY GROUP
FRIDAY 4 JANUARY 2013 AT 11:00AM**

PRESENT: Councillor Hendry
Councillor Glover
Councillor Tickner
Jason Gooding, Town Clerk and Chief Executive
Darren Crossley, Deputy Chief Executive
Peter Mason, Director of Resources

Representing Large Employers Affinity Group:
Mr P Ashley – Clark Door
Mr R Johnston – Cumbria Chamber of Commerce
Mr A Swanston – CN Group
Mr A Wilson – Pirelli (until 12:20pm)
Mr M Wood – Dodd & Co

1. WELCOME

Councillor Hendry welcomed the representatives of the Large Employers Affinity Group and stated that whilst it had been a difficult time for everyone Councillors were gratified for the good working relationship between businesses and the Council and hoped that that would continue.

The various parties then introduced themselves.

Mr Johnston stated that the members of the Chamber of Commerce welcomed the opportunity to hold the meeting and discuss the issues raised. His colleagues understood the issues the environment in which the Council was working and also the challenges and changes forced upon the Council. Mr Johnston advised that he was impressed with the manner in which the Council had managed its budget but explained that he had found it difficult to gain the background to some of the information due to the manner in which the documents had been presented. The Director of Resources (Mr Mason) advised that the issue could be discussed outwith the meeting.

2. BUDGET

Mr Mason explained how the budget was calculated over a 5 year period and took into account the present year variances and advised that income from investments had been poor and a number of income streams were lower than previous years. Officers had attempted to build into the Medium Term Financial Plan (MTFP) when they believed the economic situation would improve. The budget had again assumed a freeze on Council Tax with grant received equivalent to 1% for 2 years.

The Deputy Chief Executive (Mr Crossley) explained that the review of car parking had not been as successful as planned but it had brought the Council to a better position. Mr Johnston advised that anecdotal information had led to the assumption that visitors had found the removal of car parking information signage unhelpful. Mr Jackson, Manager of the Lanes, had been concerned about the reduction in footfall in the Lanes while that in Gretna had increased. Mr Crossley advised that the matter had been raised with the County Council but they had declined to reinstate the signage. The Town Clerk and Chief Executive (Dr Gooding) advised that there were 1500 free parking spaces in the City Centre and they were always occupied. While he was not currently overly concerned about the level of visitors to the City he did believe that there had not been sufficient awareness or marketing of parking spaces.

Mr Mason explained that when the documents were produced Officers were expecting a reduction in the Revenue Support Grant (RSG). However the City Council received an increase in the grant which overall made the position broadly neutral when other measures set out in the RSG announcement were taken into account..

Mr Johnston queried whether the change on ownership of the Lanes would have an impact. Mr Crossley advised that there had been no impact to date but it was anticipated that the new owners would want to remarket and refocus the Lanes and Officers were in ongoing discussion with the new owners.

There was discussion around the possibility of a new football ground being built that could have a detrimental impact on the City Centre. Business would only support a new football ground if it did not have a negative impact on the City Centre. Mr Crossley explained that there was evidence of retail within the new Local Plan which would be revised periodically.

With regard to budget pressures Mr Mason advised that Carlisle continued to grow and there was conflict between making corporate savings and new local environment initiatives. Mr Mason explained that the impact of final grant settlement on the localisation of business rates were still to be considered.

Mr Johnston stated that one of the discussions was around incentives for inward investment through enterprise zones and putting incentive packages together. Mr Mason explained that the Executive would look at the matter next year when further information would be available. Mr Johnston added that as there was no mechanism to obtain funding from central Government the City Council had to find some way of gaining income. Dr Gooding believed that it would be difficult to make any prospects until the localisation of business rates was fully understood but added that any growth would be limited.

Councillor Tickner advised that discussion with other companies was ongoing and that part of the Carlisle Local Plan would be sustainable business and the City Council would influence that where it was able to.

Mr Mason explained that a lot of restructure had taken place within the Council and the emphasis had been on economic development. Dr Gooding advised that the Council was developing a new Local Plan and had representation on the Local Enterprise Partnership that would look at and support business growth.

Mr Johnston asked for clarification on the business agenda to enable the Chamber of Commerce to lobby groups on the business rate agenda. Mr Crossley advised that there had been a growth in housing that had put more pressure on the Council as well as the impact of the Council Tax freeze and the overall reduction in the Revenue Service Grant. The Council were making good progress but there was insufficient money.

In response to a query regarding freehold land on industrial estates Dr Gooding advised that no talks were currently taking place but that there had been some interest from businesses wishing to acquire the freehold to land on which their premises were built. The issues were part of the Asset Business Plan which covered the programme of disposals. There was no intention at the present time to dispose of freeholds on industrial estates.

Mr Johnston stated that it would be a good time for the Chamber of Commerce to be able to input into the review of assets. Councillor Hendry confirmed that the Council were happy for discussions to continue with businesses as that was what would be in the best interests of Carlisle.

Mr Mason stated that the impact of the Welfare Reform Act was unknown at present and that Officers had considered reducing empty rates discounts as that could discourage owners from leaving their properties empty. There was also concern regarding universal credits and how that would impact upon housing benefits grants. Grants would be paid in future to the Department of Works and Pensions regarding those grants but many of the enquiries would be dealt with by the City Council.

Councillor Tickner agreed that it would be difficult to predict the impact of the Welfare Reform Act. He believed that implementation of the Act would be delayed and he could not envisage a smooth transition.

Mr Mason further advised that Officers were not clear how the localisation of business rates would affect businesses and the Council. Transformation had also caused some difficult decision to be made. However the new administration had proposed front loading the savings to enable a more stable situation from 2014. The savings proposed for 2013/14 would reduce the size of the Council by 10%. Mr Mason outlined the Council's position following the current transformation programme. Dr Gooding explained that the current Executive had given a clear direction to minimise redundancies and acknowledged that non staff savings would be difficult to manage.

Mr Johnston queried how infrastructure costs would impact on the budget proposals. Mr Mason explained that the review of the Asset Management Plan was being carried out in tandem with the budget proposals and some small, low producing assets were being disposed of. With regard to operational assets Dr Gooding explained that over the past 2 years much of Bousteads Grassing had been demolished and the staff moved to the Civic Centre. Officers continued to look at the best use of space in the Civic Centre and the possibility of letting available space or shutting down a complete floor to save costs.

Councillor Tickner advised that issues such as training were shared across the district councils to save costs. Mr Crossley advised that within the following year Officers would look further at the use of Bousteads Grassing.

Councillor Tickner further advised that a statement of intent with regard to the Living Wage for employees of the Council had been drawn up and costed. Members wished to implement the Living Wage from April 2013 and persuade partners to do the same. Councillor Hendry explained that the Executive believed it was the right thing to do and would benefit the economy and the Council could afford to implement it at the present time. The cost of implementation had been built into the budget programme.

Mr Johnston queried overtime savings and queried whether allowances had been made for those payments. Mr Mason advised that it would be difficult to reduce overtime costs for contractual staff working in hostels or on refuse for example. Overtime costs for non contractual staff would be easier to investigate. A lot of smaller savings would be made that would lead to a larger saving and all staff and Members were involved in any discussions.

In respect of reserves Mr Mason was confident that there would be a satisfactory position by 2015/16. Mr Mason explained the position in respect of the Council's reserves position. Councillor Tickner believed that by front loading the savings it would give the Council time to consider the reserves position in more detail.

Mr Ashley queried whether the development at Morton would be sufficient to enable the Council to meet its £15m debt from a previous loan. Dr Gooding advised that it was necessary to replay the loan in 2020 and that Officers were receiving regular financial advice on the options and were constantly reviewing the situation.

Mr Johnston queried whether there was any risk of the Morton project not happening. Dr Gooding advised that negotiations were ongoing with supermarket chains; he believed it was a huge issue and an indication of where the Council was at the present time. He added that the Council was working in the best interest of the community and protecting the long term viability of the Council and city.

Mr Mason believed that the best indication was the state of the Council's reserves explained the Council's position regarding its reserves. He added that there would be

no financial risk to the Council if the Morton development did not happen although circumstances would be difficult and some projects may have to be delayed.

Mr Ashley queried how the growth of Carlisle as a result of the Morton project and possible infill projects in satellite villages would be managed as part of the new planning framework. Councillor Glover explained that a lot of work was currently underway on the new Local Plan for Carlisle. When the Local Plan was finalised there would be extensive consultation.

In response to a query regarding the number of applications received Councillor Glover advised that the new Local Plan would provide guidance on potential growth areas. It was anticipated that the draft of the new Local Plan would be available by the summer of 2013. Mr Crossley explained that the Local Plan would contain preferred options and would be available for consultation and discussions in 2014. Mr Crossley advised that while there was a move to build more housing across the country it was difficult to attract developers to the area at the present time. Some of the reasons were the poor quality of broadband in the area and the cost of business re-location.

Mr Johnston believed that one of the biggest impacts in attracting businesses would be the building of more housing. Councillor Hendry agreed and added that most of the money would go back into the local economy. Mr Johnston added that the LEP were looking at the affordable housing issues. Mr Crossley explained that developers would look at the viability of affordable housing. They were aware of the issues and were looking for solutions. Mr Johnston believed that the Local Plan would be important to enable the Council to deal with the lack of funding from central Government. Mr Crossley explained that from the planning permissions that had been granted over the last 9 months there was a 5 year supply of housing in the pipeline; whether that materialised raised other issues.

Mr Ashley stated that building on green belt land could lead to schooling issues and while it was a good opportunity there was the danger of losing green belts. Councillor Tickner advised that Members and Officers would be working with partners over the next few months.

There was a concern about land banking and it was believed that a number of developers would build if they could get a suitable package. Mr Crossley stated that people in the private sector were sitting on land and that it was difficult to unlock that situation.

With regard to the capital programme Mr Mason advised that the Executive had a number of capital projects which they were keen to move on. Councillor Tickner explained that all of the projects had a robust business plan and had undertaken a feasibility study. If the financial case did not back up the project the Council would not risk its reserves.

Mr Johnston asked for clarification on the school community funding referred to in the budget report. Mr Crossley explained that that related to a replacement community centre at Harraby. The County Council's project for the schools in Harraby would have a big impact upon outlying villages and there was a need to increase provision in Harraby. However there was a concern about where children would be schooled after junior school and questioned whether the current secondary schools had the capacity to take on an increase in the number of children attending. Mr Crossley added that the Council was keen to ensure that young people left school with the skills and opportunities to enable them to obtain employment. The number of academies had increased and control was with those academies. Mr Crossley believed that a more collaborative approach across the board was needed. Councillor Tickner advised that in the past schools and businesses discussed whether the right skills were being taught in schools and that led to apprenticeships. Mr Ashley explained that 50% of pupils leaving school had not gained 5 GCSEs and Pirelli could not fill their apprenticeships from Carlisle.

With regard to the capital budget Mr Mason explained that part of the budget looked at the replacement in 2015/16 of the refuse fleet. Officers would need to consider whether to lease the vehicles or borrow money to replace them. At present no capital funds were available to purchase new vehicles. Councillor Tickner stated that if developers made new estates more suitable for refuse collections that would have an impact on recycling and refuse collection. He advised that Officers had looked at how other districts operated their refuse collection and that would be part of the review of Local Environment. Dr Gooding explained that it was unusual to have refuse collection in-house but there were advantages when looking at changes to service provision and teams and re-shaping the new priorities.

Mr Johnston stated that the cleaning up of the City Centre had been noticed by businesses and visitors.

Councillor Hendry thanked the members from the Chamber of Commerce for their comments and stressed that the Council was open to the business community and were happy to talk to them at any time.

(The meeting closed at 1:30pm)