

EXECUTIVE – 14 JANUARY 2015

RESPONSES TO 2015/16 BUDGET CONSULTATION

1. "I have read your budget proposals with interest and I have identified one particular area where the Woodland Trust may be able to be of assistance to you.

The Woodland Trust has produced a report entitled "Trees or Turf", which looks at the costs of maintaining various types of urban green space. The report shows clearly that conversion of selected areas of short mown grass to woodland can deliver a range of social, environmental and economic benefits but can also lead to significant reduction in landscape management costs.

I noted that your draft budget contains a saving of £10,000 for landscape maintenance which presumably involves reduced grass cutting. You may wish to consider how this figure could be increased by creating woodland in selected areas.

Our Trees or Turf report can be found on our website at

<http://www.woodlandtrust.org.uk/publications/search/?query=trees+or+turf>

I would be happy to discuss the report with your officers if you would find that helpful."

The Woodland Trust

2. Feedback – copy letter attached
3. The Director of Resources' response to questions raised – copy response attached
4. Feedback – copy letter attached

Dr Jason Gooding
 C.E Carlisle City Council
 Civic Centre
 Carlisle CA3 8G

Connit Savings.

5/1/15

Dear Dr Gooding, Thank you for sending the total costs of the Connit Fireshow before Christmas.

As the figure given was some £60,000 + Police Costs (unknown); the Carlisle Fireshow should be strongly considered as a fringe activity which should be axed before next November.

Not only is the Fireshow an expensive luxury which cannot be justified; you will appreciate that Fites and Fireworks are responsible for some 14% of the Annual Pollution levels in Britain. Even China is banning such events to reduce Pollution levels, Carlisle should set an example and follow suit. Yours sincerely

Morag Durham

From: Dorothy Anderson
Sent: 06 January 2015 11:46
To:
Cc: Cllr Les Tickner
Subject: FW: Budget consultation 2015/16- consultation with non domestic ratepayers
Importance: High

MESSAGE SENT ON BEHALF OF PETER MASON, DIRECTOR OF RESOURCES

Good Morning

I refer to your recent e-mail addressed to Mrs Morag Durham in relation to your queries around the above.

I have now taken the opportunity to respond to these (highlighted in red below).

Thank you.

Peter Mason

Dorothy Anderson
 Executive Assistant to Jane Meek, Director of Economic Development
 Mark Lambert, Director of Governance
 Peter Mason, Director of Resources
Chief Executive's Office
 Carlisle City Council
 Direct Dial: (01228) 817003
 Email: dorothy.anderson@carlisle.gov.uk

From:
Sent: 29 December 2014 10:36
To: Morag Durham
Subject: Budget consultation 2015/16- consultation with non domestic ratepayers

Morag

Further to Mark Lambert's letter dated 17th December 2014 (received by me on the 23rd December) I have the following questions re the executive Budget Proposals which I would be grateful if you could reply to soonest given the proposed meeting on Wednesday 7th January.

I have endeavoured to only ask the most pertinent queries

Questions on Executive Budget Proposals 2015/2106 dated 15th December 2014

- 1) Page 3 sets out the Council's priorities. Please can you confirm what KPI's the council has adopted to measure/assess itself against these priorities. Please can you also confirm how often the KPI's are reviewed and by whom.

We will continue to monitor the performance of our services through the Service Standards, you can view the most recent report by following the link below. The performance against the priorities is reviewed through the management and decision-making structures of the Council,

the summary report is prepared to inform the Executive. This summary of performance is produced on a quarterly cycle.

<http://cmis.carlisle.gov.uk/cmisis/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=VS CZ3QKzDZs6DRFtCIPI3aRw5bqCqOebGp6CyEosHYkV76uWyz4ug%3d%3d&rUzwRPF%2b Z3zd4E7lkn8Lyw%3d%3d=pwRE6AGJFLDNlh225F5QMaQWCtPHwdhUfCZ%2fLUQzgA2u L5jNRG4jdQ%3d%3d&mCTIbCubSFfXsDGW9IXnl%3d%3d=hFflUdN3100%3d&kCx1AnS 9%2fpWZQ40DXFvdEw%3d%3d=hFflUdN3100%3d&uJovDxwdjMPoYv%2bAJvYtyA%3d% 3d=ctNJff55vVA%3d&FgPIIEJYlotS%2bYGoBi5oIA%3d%3d=B03MzdTRKII%3d&d9Qjj0ag 1Pd993jsyOJqFvmyB7X0CSQK=ctNJff55vVA%3d&WGewmoAfeNR9xqBux0r1Q8Za60lavY mz=ctNJff55vVA%3d&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJff55vVA%3d>

Currently, performance against the priorities is monitored through a range of measures including risk management, project management and performance indicators. We will begin action planning around the new priorities over the next couple of months and new measures will be developed alongside the new key actions.

- 2) Can you confirm whether the budget is modelled/flexed at all for any unexpected contingencies so that the council/Executive have an all round view of the finances if the projected income streams decline/expected costs increase (as they are likely to so given my review/assessment of the budget proposals)

The budget is monitored closely on a monthly basis and high risk budgets are monitored in depth to ensure any variation from expectation is modelled for potential over/under spend at year end. These are taken into account against all other budgets and the position these are in on a monthly basis to gauge the likely year end position and whether any additional call on reserves will be required or whether there will be an additional contribution to reserves. Action is then taken to deal with this position, e.g. by limiting potential carry forwards.

- 3) Summary Budget Proposals- table page 4). Please can you confirm why it has been considered that (as further detailed in Schedule 4) that no further non recurring budget increases will arise post 2016/17 given that for the two years prior to this the excess is £580k and £430k. Also for completeness what were the equivalent figures for 2013/14 and 2014/15 so we can further assess the probability of an overspend arising.

Non-Recurring budget increases reflect those items of expenditure that are one-off in nature, e.g. for a specific project or which are expected to be for a limited time period. It is not possible to quantify these items beyond a specific time frame to estimate specific one-off projects in the future. Non Recurring expenditure pressures are therefore dealt with when they arise.

The equivalent figures for 2013/14 and 2014/15 were as follows:

	2013/14	2014/15	2015/16	2016/17
2013/14	£1.091m	£0.293m		
2014/15		£1.016m	£0.122m	
2015/16			£0.580m	£0.430m

- 4) Revised Revenue Budget 2014/15. Please can you explain why give we are effectively at 1st Jan 2015 (and nearly at the beginning of the 2015/16 year end) the Executive are asking the Council to approve the net budget for 2014/15???

The original budget was approved in February 2014, however, this budget provides an update on the current position of the 2014/15 budget given known changes in use of reserves and approved carry forwards. This is reflected in the quarterly budget monitoring reports and is provided here for completeness in order to set the 2015/16 budget based on updated reserves position.

- 5) In relation to this table please provide an analysis of the £766k of work that has been carried over and why it was considered essential and who has effectively pre authorised this (presumably it must all have been spent now given we are nearing the end of the 2014/14 year end- but presumably has not been authorised? Is this normal practice???)
The £0.768m carried forward from 2013/14 was approved as part of the final outturn of the 2013/14 accounts. These items were approved to be carried forward by the Director of Resources and Full Council in July 2014. These are items where expenditure was planned in 2013/14 but which were not completed and required to continue to 2014/15. A corresponding under spend occurred in 2013/14, and these budgets are then carried forward and added to 2014/15. Please see attached for details.
- 6) Further to 4) above please can you confirm what the final outturn for 2013/14 was – given that £766k has been pushed into the following year.....
Final Outturn was £82,582 after carry forwards
- 7) Re Schedule 2) on page 7 can you explain how the interest on the new £5m of external borrowing (Schedule 7) has been factored into the Treasury Management Savings including the arrangement fee and interest rate assumed ??Also please can you set out how such a reduction can be achievable as most loans when being renewed now are at a HIGHER interest rate with significant day one arrangement fees (and where are these accounted for?)
The £5m borrowing scheduled for 2018/19 is based upon Public Works Loan Board rates of 5% for a 25 year Principal and Interest Loan based on market estimates of interest rates at that time. This will be a new loan and not a renewal of existing borrowing. The reduction in the treasury management budget also reflects changes in interest rates forecasts for investments, changes to average balance projections based on cash flow, and reductions to the Council's Capital Financing Requirement due to rescheduling of the £5m borrowing from 2015/16 to 2018/19. The cost of borrowing is also offset by a saving in the leisure contract fee (which was included in the 2013/14 budget).
- 8) Re the pay awards- can you confirm the current staff turnover rate at the Council. Also (note 2) it states that the pay award is limited to 2%.Please confirm that this applies to all staff and that anyone passing through a banding (say manager to senior manager) will be restricted to 2% and will not get around the 2% banding by effectively being regarded to a higher level due to their promotion.
The 2% increase applies to all staff but will be subject to final pay negotiations on a national level. The majority of staff and Senior Managers are all at top of scale and therefore there is minimal provision for incremental increases.
- 9) Can you confirm why it has not been considered that the inflation saving and pay award saving can not be introduced in 2014/15- surely an easy way to save money???
Inflation savings and pay award savings of £423,000 were included in the 2014/15 budget proposals approved in February 2014, rising to £654,000 from 2015/16. The figures included in the 2015/16 budget proposals are on top of these figures already taken.
- 10) There is a lack of detail in these budget proposals as to the £350k annual transformation savings. Given their significance/quantum please can you provide extra detail as to how they

are achieved. (note 7 on page 9 states that they have been drawn up so presumably can be supplied).

Proposals have been drawn up for the £3.939million savings required as part of the 2014/15 budget proposals approved in February 2014/15. The draft budget indicates that a further £350,000 will be required in order to achieve a balanced Medium Term Financial Plan. Proposals on how to achieve this amount will be drawn up once the final budget is approved.

- 11) Schedule 3- recurring budget increase. In relation to Cecil Street and William Street car parks- please can you confirm what amount, and in what form, the County Council paid for these car parks.

The County Council was already the owner of William St Car park and the City Council provided an enforcement service with the net proceeds being payable to the County Council. The City Council disposed of Cecil Street Car Park to the County Council as part of an asset exchange, with the City Council receiving the Old Fire Station building and Herbert Atkinson House on Abbey Street.

- 12) Following on from 10) can you set out what additional income has been generated per annum from the consideration received from the County Council as this must be included as a form of income in these proposals???

The Old Fire Station is being refurbished into an Arts Centre and Herbert Atkinson House is leased on a peppercorn rent to Tullie House in order to facilitate their service delivery. The net cost of running the Old Fire Station facility once opened was included in the 2013/14 budget proposals.

- 13) Schedule 4 non recurring budget increases. Given there is £530k and £430k of non recurring increases in 2015/16 and 2016/17 respectively- it is surely sensible to include some contingency for 2017/18 and later periods (why for example does the Lanes Income decrease of £138k stop in 2016/17- does it not continue to decline???)

The nature of non-recurring pressures are that they are difficult to forecast and as such no contingency is made. The expectation is that income pressures will cease beyond 2016/17 and income will recover.

- 14) Schedule 5- This schedule effectively shows that the nettle has not been grasped by the council- the third last line clearly sets out that the budget requirement is increasing from 11,818 to 12,485 over the next 5 years- this is before some of the unknown/un budgeted increases come through. This needs to be re thought/re modelled.

The increase reflects the inflationary pressures built into the Medium Term Financial Plan, pay and inflation. This is countered by the measures taken in the draft budget to make savings to meet known pressures and maintain a prudent level of reserves.

- 15) Schedule 7-estimated capital resources- please can you confirm what leisure facilities are envisaged to be funded in 2018/19. For such a large level of expenditure there must be some documentation/initial costings even if high level??

The Council has identified that the swimming pool on James St is outdated and in need of major works. The Sports and Physical activity strategy attached above outlines the requirements and indicative costs. The £5m reflects the Council's maximum affordable contribution to the scheme with external funding applications being made for additional costs.

- 16) Schedule 8-proposed capital programme- given the level of budget pressure we are under-why is there a need to budget for £1,800k of asset review spend in 2015/16-surely this can be phased??

The aim of the asset review is to sell underperforming assets and re-invest in revenue generating assets . This reflects the capability of undertaking this plan and the expenditure is for one-off costs

- 17) Note 5 says that the old town hall should be complete after the £390k is spent on it- please can you confirm the total costs of this refurbishment.

The total budget is £798,000

- 18) Council's owned assets- page 17- please can you send through a copy of the current asset review strategy.

As attached

Summary executive Budget Proposals 2015/16 document dated 15th December 2014

- 19) Page 4 sets out various savings that are envisaged to be achieved (i.e. a reduction in the Tullie House grant by £250k in 2015/16) over various years. Given we are nearly in 2015/16 can you confirm where we are at with the 20 other 'savings' which have not been achieved yet?

All savings required for 1 April 2015 are on target to be achieved and budgets will be reduced for the start of 2015/16

- 20) The 2018/19 saving is principally achieved by a £1,000,000 assumed income from assets. Please confirm which assets these are (they must have been identified to be included in this document?)

This is primarily though the Council's land asset at Morton but also includes other assets such as Industrial Estates.

- 21) Re these various savings-can you confirm the process they were identified and quantified and by whom.

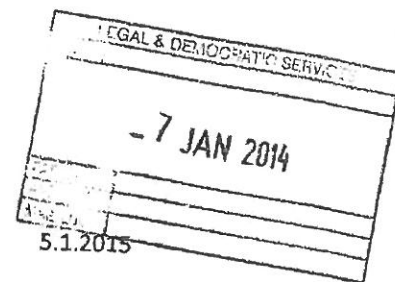
Savings were put forward by Directors and the Executive at a series of workshop days to critically evaluate the proposals in line with the Council's priorities. The savings were then checked by Finance to determine whether they were achievable given previous budgetary performance and likelihood of success in managing a reduced budget.

Finally please can you confirm receipt of this e-mail and that you will reply to me prior to the meeting of the 7th January 2015.

My address/contact details are

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M D LAMBERT, ESQ DIRECTOR OF GOVERNANCE
CIVIC CENTRE CARLISLE CA3 8QG



BUDGET PROPOSALS 2015/16 CONSULTATIONS WITH NON-DOMESTIC RATEPAYERS
MY QUESTIONS, IN PREPARATION FOR THE 7.1.2015 MEETING, ARE AS FOLLOWS:

1. IF ALL STAFF AND COUNCILLORS PAID THE MARKET RATE FOR VEHICLE PARKING, IN LIEU OF FREE PARKING, WHAT WOULD BE THE AMOUNT OF EXTRA REVENUE TO CARLISLE CITY COUNCIL
 2. (a) WHAT HAS BEEN THE MAXIMUM No. OF SQ. FT. OF SPACE, IN THE CIVIC CENTRE, AVAILABLE FOR LETTING IN THE 12 MONTHS OF 2014
(b) WHAT HAS BEEN THE AMOUNT OF RATES PAID BY CARLISLE CITY COUNCIL FOR VACANT SPACE IN THE CIVIC CENTRE FOR THE YEAR OF 2014
 3. (a) FOR HOW MANY YEARS HAS THE NUMBER OF COUNCILLORS BEEN 52
(b) IF THE NUMBER OF CITY COUNCILLORS WAS REDUCED FROM 52 TO 39 WHAT WOULD BE AN ESTIMATE OF THE ANNUAL DIRECT AND INDIRECT SAVING IN COSTS
(b) OVER PAST DECADES WHAT AREA/EXTENT OF SERVICES (FUNCTIONS) HAVE BEEN REMOVED FROM CARLISLE CITY COUNCIL E.G. HOUSING, EDUCATION, LEISURE, TULLIE HOUSE, WASTE, ROADS ETC. ETC. ...AND IN WHICH YEAR
 4. IF THE REVISED NET BUDGET OF 2014/15 WAS £13,267,000 WHAT WAS THE EQUIVALENT FIGURE FOR EACH OF THE PREVIOUS 9 YEARS
 5. IN RESPECT OF "THE LANES" FOR EACH OF THE LAST 10 YEARS PLEASE SHOW:
 - a. THE ANNUAL RENT WHICH WOULD HAVE BEEN RECEIVED IF ALL SPACE HAD BEEN LET EACH YEAR. PLEASE SPLIT THE INCOME INFORMATION BETWEEN RENT AND SERVICE CHARGES
 - b. THE ACTUAL AMOUNT RECEIVED SPLIT BETWEEN RENT AND SERVICE CHARGES
 - c. THE AVERAGE LENGTH OF LEASES
 - d. THE AVERAGE PERIOD BEFORE THE FIRST BREAK CLAUSE APPLIED
 - e. THE AGGREGATE AMOUNT OF/ COST OF INCENTIVES (IN ANY FORMAT) GRANTED EACH YEAR
 - f. THE AMOUNT OF OVERDUE RENT/SERVICE CHARGES AT THE END OF EACH YEAR
 - g. THE AMOUNT OF BAD DEBT OF EACH YEAR
 6. IN TO-DAY'S DAILY TELEGRAPH THE LEAD BUSINESS ARTICLE STATES: "BRITAIN'S SUPERMARKETS ARE BUILDING ON JUST 6% OF THE LAND THEY CONTROL, UNDERLINING THE PROBLEMS THEY FACE WITH UNDEVELOPED SITES AS THE INDUSTRY BATTLES TUMBLING SALES. THE PIPELINE OF NEW GROCERY STORES IS 46.61M SQ. FT. ...HOWEVER JUST 2.8M SQ. FT. OF THESE NEW STORES IS BEING BUILT. THIS MEANS THAT 43.81M SQ. FT. IS LYING EMPTY. IF THESE RETAILERS CONCLUDE THEY NO LONGER WANT TO BUILD ON THESE SITES THEY WILL BE FORCED TO BOOK BILLIONS OF POUNDS IN WRITE DOWNS."
- IN THE LIGHT OF 6. ABOVE PLEASE ADVISE:**
- (a) DO ANY OF THE YEARLY BUDGETS ASSUME THE MORTON TESCO DEVELOPMENT WILL PROCEED
 - (b) IF THE ANSWER IS "YES" PLEASE STATE CLEARLY:
ALL THE ASSUMPTIONS MADE WITH RELEVANT FIGURES
FULL DETAILS OF PLAN "B" IF THE TESCO DEVELOPMENT DOES NOT PROCEED OR PROCEEDS IN ANOTHER DEFINED RESTRICTED FORM.

7. IS IT CORRECT THAT IN ONE OR MORE BUDGETS THE COUNCIL HAS ASSUMED
 (A) THE "TESCO" MONEY WILL BE RECEIVED?
 (B) THE MONEY, ONCE RECEIVED, WILL BE USED TO REPAY IN WHOLE OR PART CERTAIN
 LOANS WITH RESULTING SAVING IN INTEREST PAYMENTS?

8. THE RICKERGATE "ARTS" DEVELOPMENT

ON A

- (A) WORST COST SCENARIO BASIS
 (B) BUDGET BASIS

WHAT IS THE AGGREGATE EVENTUAL COST OF:

- (a) THE DEVELOPMENT FOR THE BUILDING AND ALL CONTENTS
 (b) THE PROFESSIONAL FEES
 (c) VAT
 (d) FOR EACH OF THE FIRST FIVE YEARS THE YEARLY
 1. INCOME? PLEASE STATE THE AMOUNT OF VAT TO BE DEDUCTED
 2. OPERATING COSTS? PLEASE STATE THE EXTRA AMOUNT OF VAT

REFERENCE 8. ABOVE MY FURTHER QUERIES ARE:

- A. CLEARLY THE AMOUNTS INVOLVED, WITH RESULTING COSTS TO THE COUNCIL, UNDER (a) (b) (c) AND (d) ARE ENORMOUS.

IN MY VIEW THE "DOORS" FIRST SHOULD HAVE BEEN OPENED TO OTHER POTENTIAL PROJECTS, WHY WAS THAT NOT ACHIEVED IN LIEU OF A SIMPLE SLIDE INTO AN "ARTS" CENTRE?
 IF OTHER "DOORS" WERE CONSIDERED DETAILS PLEASE

OPEN CONSIDERATIONS SHOULD BE THE BEDROCK OF SUCH A SITUATION

- B. CARLISLE COLLEGE ARE COMPLETING A STRAND RD. "ARTS CENTRE" PROJECT AT A COST OF £4M OR SO.

TO WHAT EXTENT WAS THAT ASPECT AND FACILITIES TAKEN INTO ACCOUNT PRIOR TO THE PLUNGE TO PROCEED WITH THE HUGE EXPENDITURE FOR THE COUNCIL'S RICKERGATE "ART" PROJECT WITH ITS MEGA UNAVOIDABLE CAPITAL EXPENDITURE PLUS PERMANENT ANNUAL MEGA OPERATING LOSS?

9. DEFINED BENEFIT PENSION FUND

PLEASE ADVISE:

- A. THE NUMBER OF PENSIONERS CURRENTLY DRAWING BENEFITS
 THE NUMBER OF DEPENDENTS DRAWING BENEFITS
 B. THE NUMBER OF FUND MEMBERS, OTHER THAN A. ABOVE, WHO ARE NO LONGER EMPLOYEES OF THE COUNCIL. THIS NUMBER SHOULD NOT INCLUDE THOSE WHO HAVE TRANSFERRED BENEFITS ELSEWHERE AND SO ARE NO LONGER MEMBERS OF THE CARLISLE CITY COUNCIL'S FUND
 C. THE NUMBER OF MEMBERS, OTHER THAN A. AND B.
 D. THE GROSS AMOUNT PAID OUT TO MEMBERS OVER THE LAST YEAR BETWEEN:
 (a) PENSION BENEFITS ..TO (A) MEMBERS? (B) DEPENDENTS?
 (b) DEATH BENEFITS?
 E. THE % CONTRIBUTED OF SALARY BY (A) THE COUNCIL? (B) THE MEMBER?
 F. THE NORMAL RETIREMENT AGE
 G. THE DATE OF THE LAST TRIENNIAL VALUATION
 1. **FOR BOTH THAT DATE AND THE TWO PREVIOUS VALUATION DATES PLEASE SHOW THE VALUE OF THE FUND AND THE AMOUNT OF THE LIABILITIES**
 2. REFERENCE THE VALUE OF THE FUND AT THOSE DATES PLEASE SHOW THE AMOUNT OF THE VALUES IN EACH CLASS OF INVESTMENT

3. ALSO SHOW AN UPDATE OF FUND CLASS/VALUES AT THE PRESENT TIME.....OR AS NEAR TIME WISE AS PRACTICABLE

4. IN EACH OF THE LAST FIVE YEARS PLEASE SHOW FOR EACH YEAR:

- (a) THE PROFESSIONAL FEES PAID
- (b) THE AGGREGATE AMOUNT OF ALL OTHER EXPENSES

H. FOR EACH OF THE LAST TWO VALUATION OCCASIONS PLEASE SHOW:

- a. DISCOUNT RATE
- b. RETAIL PRICE INFLATION
- c. CONSUMER PRICE INFLATION
- d. PENSION % INCREASES ..AND ANY MAXIMUM WHICH CAN APPLY
- e. DEFERRED PENSION REVALUATION
- f. FULL DETAILS OF THE MORTALITY ASSUMPTIONS
- g. ANY FURTHER INFORMATION RECOGNIZED IN ANY STATEMENT OF CONSOLIDATED OF COMPREHENSIVE INCOME WITH YEARLY INCOME (ACTUAL/RESTATED) WITH IDENTIFICATION OF ACTUARIAL LOSSES AND GAINS

N.B. (A) FOR EACH OF MY REQUESTS YOUR CAN TAKE "YEAR" AS ANY CONVENIENT 12 MONTH PERIOD
(B) IF YOU SHOULD ARGUE THAT ANY ITEM OF MY REQUESTS DOES NOT FALL WITHIN YOUR "BUDGET CONSIDERATIONS" PROPOSAL THEN SUCH ITEM/S SHOULD BE TREATED UNDER THE FREEDOM OF INFORMATION ACT.

