



PORTFOLIO AREA: POLICY, PERFORMANCE MANAGEMENT, FINANCE AND RESOURCES

Date of Meeting: 20 December 2004

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

Title: GENERAL FUND REVENUE BUDGET CONSIDERATIONS -
2005/06 TO 2007/08

Report of: Head of Finance

Report reference: FS42/04

Summary:

This report summarises the Council's General Fund 2004/05 Revised Estimates and core base Estimates for 2005/06 with projections to 2007/08.

It also considers the impact of any further saving and new bid proposals alongside the (provisional) 2005/06 Revenue Support Grant settlement figures received from the ODPM on 2nd December, and the potential impact on the Council's overall budget projections.

Recommendations:

The Report seeks the Executives recommendations for draft budget consultation purposes, as set out in paragraph 9.1.

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Note: In compliance with Section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: Various reports as set out in Appendix A to this report. ODPM Provisional Revenue Support Grant Settlement announced 2nd December 2004.

CARLISLE CITY COUNCIL

To: The Executive
20 December 2004

FS42/04

GENERAL FUND REVENUE BUDGET CONSIDERATIONS
2005/06 TO 2007/08

1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 This report summarises the budget projections and matters to be considered in respect of the General Fund revenue services for the financial year's 2005/06 to 2007/08.
- 1.2 In particular, it advises on the Council's core revenue budgets for 2005/06 together with projections to 2007/08, and considers the potential impact of any savings and new spending pressures. The report incorporates the provisional Revenue Support Grant received from the Government on 2nd December, and considers the potential impact on the Council's overall budget projections.
- 1.3 The report draws on information contained in a number of reports that have been considered by the Executive and Overview and Scrutiny Committees over the course of the financial year. The principal budget reports have been listed in **Appendix A** for reference purposes.
- 1.4 Reports are considered elsewhere on the Agenda, giving further details on the Council's overall budget in respect of the following issues and which together seek the Executives recommendations for draft budget consultation purposes.
- The Provisional Revenue Support Grant Settlement (FS 41/04)
 - The Provisional Capital Programme 2005/06 to 2007/08 (FS 43/04)
 - The projected final HRA budget position for 2004/05 (FS 46/04)
 - Draft Treasury Management Strategy 2005/06 (FS 45/04).
- 1.5 The Executive will consider the final consultation feedback, together with the final Government Grant settlement figures (if available) on 24 January and will subsequently recommend a budget to Council on 10th February 2005

2. GENERAL FUND BUDGET PROJECTIONS 2004/05 REVISED TO 2007/08

2.1 The budget projections as currently forecast are summarised in the following table.

Further details are contained in the notes following the table and Appendices listed:

Summarised Position	2004/05 Original Estimate £000	2004/05 Revised Estimate £000	2005/06 Original Estimate £000	2006/07 Projection £000	2007/08 Projection £000
Total Projected Expenditure (see 3.2 and Appendix B)	14,589	16,009	14,485	15,187	15,653
Total Projected Resources (see 3.3 and Appendix C)	(14,589)	(16,009)	(14,662)	(15,045)	(15,437)
Projected (Surplus)/ Shortfall <u>excluding</u> savings and new spending	0	0	(177)	142	216
Less:					
New Saving Proposals					
- Recurring			(693)	(698)	(698)
- Non-Recurring			(71)	0	0
(see 3.4 and Appendix D)					
Add:					
New Spending Pressures					
- Recurring			945	1,135	2,328
- Non-Recurring			445	198	170
(see 3.5 and Appendix E)					
Potential Budget Shortfall			449	777	2,016
Potential Shortfall Analysis:					
- Recurring			75	579	1,846
- Non-Recurring			374	198	170

2.2 The Potential Shortfall projected above is the projected position that would occur only if all of the new Savings and Spending Pressures were accepted. The Executive are asked to consider the issues in this report and make proposals on the savings, new spending pressures and use of balances as set out in this report in order to issue a draft budget for consultation purposes.

3. CURRENT EXPENDITURE COMMITMENTS

3.1 Existing Expenditure Commitments (see Appendix B)

The following should be noted:

- The projections at this stage exclude the new spending and saving proposals
- Not all of the Parish Council precepts for 2005/06 have yet been received. The current estimate is for a total £316,000 (a 2.7% increase over 2004/05). The actual Parish requirement for each Parish is set out in **Appendix F**.

3.2 Resources available to meet expenditure commitments (see Appendix C)

The figures presented are based on The Provisional Local Government Finance Settlement announced by the Secretary of State on 2nd December 2004. Details on the settlement are contained in report FS41/04, which is elsewhere on the agenda.

Contributions from balances include all approvals to date, but make no assumptions on further contributions from balances to support the budget from 2005/06 onwards.

The resources also assume for projection purposes:

- A 2.5% Government Grant increase for 2006/07 and 2007/08.
- An illustrative 3.5% increase in Council Tax increase for 2005/06 to 2007/08.
- A Council Tax Surplus of £55,000 p.a. (the actual for 2005/06 will be available in January)
- A taxbase of 33,100 (the actual for 2005/06 will be available in January)

For information, broadly:

- Each 1% (£1.60) movement in Council Tax impacts on the Council by £52,000
- Each 1% movement in grant or Council Tax Base will impact by £83,000.
- Each £33,100 increase or decrease in expenditure impacts on the Council Tax Requirement by £1.

4. SAVINGS PROPOSALS (see Appendix D)

4.1 The savings and additional income proposals were presented to the Executive at their meeting of 15th November (FS33/04). At that meeting the Executive resolved:

- Not to accept the proposal to increase car park charges on a Sunday from £1 per day to normal daily rates.
- Not to accept the proposals to introduce free or reduced charges on the Devonshire Walk Car Park.
- Not to reduce charges on the Shaddongate Car Park.

4.2 In addition, the Executive requested the Executive Management Group to investigate further savings proposals for consideration. The further proposals are set out below for Executive consideration.

4.3 **Further Savings proposed for 2005/06:** It is considered that the following additional savings could be implemented from 2005/06:

(i) Reduce Inflationary Increase

A reduction in the inflation increase from the current 2.5% to 1.5%, which is nearer to the current CPI forecasts, on approximately £3m of expenditure would yield an additional £30,000. A review of year-end spending has been conducted in parallel with this proposal and which suggests that there is scope to cut the inflationary increase for certain types of expenditure. The £3m of expenditure does not include Grant payments, contractual payments, and other obligations that the Council has to external clients/customers. The proposals will however be implemented pro-rata to each Business Unit and it will be the responsibility of each Business Unit Head to manage their expenditure accordingly.

(ii) Reduce Overtime Budgets

Current total overtime budgets are £659,000 and a pro-rata reduction of £20,000 represents a 3% reduction. Again it would be for each Business Unit Head to manage their reduced resources.

(iii) Payroll

Payroll Services generate income of approximately £3,000 per annum, which is not currently built into base projections.

(iv) Revenues and Benefit Services

Further efficiency savings in Revenues and Benefits services of £20,000 have been proposed.

(v) Civic Centre Rating

A rating appeal was recently successful in relation to the above. This has resulted in an ongoing reduction of £10,000 pa. (However it should be noted that a full rating revaluation is due from 1st April 2005)

(vi) GIS Staffing

It is anticipated that the Planning Delivery Grant will cover the increased cost of £55,000 from 2005/06.

- (vii) Cumbria Inward Investment Agency
There are proposals for changes to the operation of CIIA and the Council could withdraw its current contribution of £20,000 pa.

The savings set out in **Appendix D**, take account of the above.

4.4 Future Year Proposals: It is considered that the following options could be explored further with a view to possible implementation in 2006/07 and future years. It is suggested that these options could form part of the Council's budget discipline for 2006/07 onwards:

- (i) Review Services against the Corporate Plan to identify any Low Priority services.
- (ii) Gershon efficiencies and Joint Procurement of Services. The Council will be required to produce an efficiency plan to be submitted by 31st March 2005
- (iii) Review of Energy Costs - A non-recurring 'invest to save' budget would be required to complete the review which would be anticipated to achieve ongoing savings.
- (iv) Recurring Carry Forward Requests – A review of those services that underspend their budgets on an annual basis could be undertaken to identify the reasons.
- (v) Review of Capital Expenditure funded from Revenue – recent changes to the definition of capital expenditure are being investigated in conjunction with a full review of the Renewals Plan and recommendations from the Information Systems Group on future IT replacements.

5. NEW SPENDING PRESSURES (see Appendix E)

5.1 The Executive at their meeting of 15th November (FS30/04) considered the new spending pressures. The Executive resolved to:

- Reduce the grass cutting proposal to 15 cuts per annum.
- Propose a bid for Street Lighting and Bins. These have been included in the capital programme elsewhere on the agenda.

- 5.2 An additional pressure has been added resulting from the Amending Report for 2003/04 issued as part of the Revenue Support Grant Settlement for 2005/06 and which has resulted in a loss of income of £13,000 pa.
- 5.3 It should be noted that this report considers the Revenue bids only. Report FS43/04 considered elsewhere on this agenda gives details of any Capital bids submitted, although any recurring expenditure resulting from the acceptance of Capital bids will fall to be met from revenue budgets, and initial projections on the impact have been made.

6. PROJECTED IMPACT ON REVENUE BALANCES

- 6.1 The Council's overall levels of balances are set out in the Table below and have been adjusted to take account of the finalisation of the 2003/04 Statement of Accounts. It should be noted that the projected balances **do not** make any assumptions regarding any withdrawal to support the current budget proposals.
- 6.2 The general principles on each of the Reserves are set out in the medium Term Financial Plan. In terms of meeting ongoing revenue expenditure, the general guiding principle which Council approved is that :
'Wherever possible, reserves should not be used to fund recurring expenditure, but that where it is, this should be made explicit, and steps taken to address the situation in the following years'.

Council Reserves	Actual 31/03/04 £000	Revised 31/03/05 £000	Projected 31/03/06 £000	Projected 31/03/07 £000	Projected 31/03/08 £000
General Fund Reserve	(3,800)	(3,800)	(3,800)	(3,800)	(3,800)
HRA /Benefit Reserve (see note (I))	(3,311)	(3,509)	(200)	0	0
CTS Reserve	(123)	(50)	0		0
Projects Reserve	(3,556)	(1,469)	(4,413)	(3,997)	(3,572)
Renewals Reserve	(2,476)	(2,463)	(2,194)	(2,477)	(2,532)
Pensions Reserve (see note (ii))	(1,000)	(1,000)	0	0	0
Asset Disposal Reserve	(100)	(100)	(100)	(100)	(100)
Lanes Capital Reserve	(221)	(236)	(251)	(266)	(281)
Total available Council Balances	(14,587)	(12,627)	(10,958)	(10,640)	(10,285)

- (i) Following the LSVT transfer, it was originally assumed that £1.6m of the final HRA balance transferred to the General Fund on the transfer of the Housing Stock could be required to meet the local cost of benefits in the first three years before the Revenue Support Grant reflects this expenditure. Following changes to the Governments funding proposals in 2004/05, this was projected at £97,000 (albeit it is recommended that £200,000 be retained in an earmarked reserve pending clarification on certain issues).
- (ii) A Pensions Reserve was established during 2004/05 to cushion the impact of any increase from the triennial revaluation that could not be met immediately from ongoing revenue budgets. It is currently anticipated that the position on the Pensions Fund will be available from the fund actuaries by mid January. No assumptions have currently been made on any amount that may be required from balances at this point.

7. MEDIUM TERM OUTLOOK AND BUDGET DISCIPLINE 2006/07 to 2008/09

- 7.1 The current budget projections for the next three-year period indicates that substantial savings may be required to meet the Council's ongoing commitments.
- 7.2 Under the spending Review 2004, increases in Council spending for the EPCS block are projected at 3.5% for 2006/07 and 3.7% for 2007/08. However, extreme caution must be exercised in viewing these figures, as other factors can and do impact significantly on the Formula Spending Share allocation in future years, and for the purposes of projections a projection of 2.5% has been assumed.
- 7.3 As reported previously, the Gershon efficiency savings will need to be identified and an efficiency plan submitted to the Government by 31st March 2005 setting out how this will be achieved. Further reports will be brought back to members on this, as further information becomes available.
- 7.4 The City Council needs to establish as part of its budgetary process the financial discipline to be followed by member and officers in the ensuing financial years, and the Executive are asked to make recommendations in this respect.

8. CONSULTATION

- 8.1 The Executives draft budget will be issued for consultation on 20th December. The consultation feedback, together with the final Government Grant settlement (if available), will be considered by the Executive on 24 January, following which the Executive will make final budget recommendations to Council on 10th February 2004.

9. RECOMMENDATIONS

9.1 The Executive is requested to make recommendations for draft budget consultation purposes on the following issues:

- (i) **Recommend approval of the revised estimates for 2004/05 totalling £16.009m and the consequential reduction by £1.420m in reserves together with the 2005/06 base estimates of £14,485m (para 3.1).**
- (ii) **Recommend any savings and increased income as summarised in appendix D.**
- (iii) **Recommend any new spending commitments as summarised in appendices E.**
- (iv) **Recommend the amount to be appropriated from Balances and Reserves by way of a contribution to General Fund revenue expenditure requirements in 2005/06.**
- (v) **Recommend directions to be given to the Council on the budgetary discipline to be followed in 2005/06 to 2007/08 and on the criteria to be applied in the strategic reallocation of resources to meet the future budget requirements identified in the medium term financial outlook.**

10. REASONS FOR RECOMMENDATIONS

10.1 To enable the Executives draft budget proposals for consultation purposes to be prepared.

11. IMPLICATIONS

- Staffing/Resources – Certain of the new bid proposals have staffing implications.
- Financial – Included within the report.
- Legal – Not applicable.
- Corporate – Included within the report.
- Risk Management – A major risk to the budget projections is the heavy reliance on income. Income from fees and charges reflect past experience of economic and customer activities, and any significant slowdown or economic recession would likely impact on projected income. There is also a heavy reliance on

investment income, which continues to be affected by the low interest rates. Also there is an increased reliance on specific Government grants particularly in the areas of Benefits and Planning, and the Council would need to address the issues which would result from any withdrawal of grants.

- Equality Issues – Not applicable.
- Environmental – Not applicable.
- Crime and Disorder – Not applicable.
- Impact on the Customer – Principally Council tax and charges impacts.

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PRINCIPAL REPORTS CONSIDERED DURING THE BUDGET PROCESS TO DATE

Report Ref	Date	Title
FS7/04 (Amended)	17/05/04 03/08/04	Medium Term Financial Plan 2005/06 to 2007/08
FS8/04 (Amended)	17/05/04 03/08/04	Corporate Charging Policy 2005/06 to 2007/08
FS9/04 (Amended)	17/05/04 03/08/04	Capital Strategy 2005/06
PS15/04	03/08/04	Asset Management Plan 2005/06 to 2007/08
FS15/04	17/08/04	Three Year Budget 2005/06 to 2007/08 First Forecast and Timetable
FS31/04	15/11/04	General Fund Revenue Estimates 2005/06 to 2007/08
FS30/04	15/11/04	Budget 2005/06 – Summary of New Spending Requests
FS34/04	15/11/04	Provisional Capital Programme 2004/05 to 2007/08
FS32/04	15/11/04	Renewals Reserve – Progress Report
FS38/04	15/11/04	Housing Revenue Account Estimate 2004/05
FS33/04	15/11/04	Budget 2005/06 – Summary of Savings and Additional Income Proposals
EP73/04	15/11/04	Charges Review – Licensing
LDS47/04	15/11/04	Charges Review – Legal and Democratic Services
ECD19/04	15/11/04	Charges Review – Economic and Community Development Services
CTS15/04	15/11/04	Car Park Charges Review 2005/06
EPS70/04	15/11/04	Charges Review – Environmental Protection Services
CLS14/04	15/11/04	Charges Review – Culture, Leisure and Sport Services
P50/04	15/11/04	Charges Review – Planning Services

NB: In addition to the above reports, specific detailed reports on certain significant budget issues have considered as separate items.

EXISTING EXPENDITURE COMMITMENTS

EXPENDITURE PROJECTION	<u>2004/05</u>		<u>2005/06</u> Estimate £000	<u>2006/07</u> Proj £000	<u>2007/08</u> Proj £000
	<u>Original</u>	<u>Revised</u>			
	<u>Estimate</u> £000	<u>Estimate</u> £000			
Core Spending:					
Core Base Expenditure	13,419	13,492	13,492	13,492	13,492
Treasury Management	805	565	485	620	725
Inflation Projection			524	1,156	1,600
2004/05 agreed Savings	(809)	(809)	(860)	(861)	(861)
2004/05 agreed Spending	253	253	302	313	313
Supplementary Estimates		44	44	44	44
Total Core Spending	13,668	13,545	13,987	14,764	15,313
Non-Recurring Exp:					
Pre 2004/05 approvals	156	156	44	0	0
2004/05 New Savings	44	44	0	0	0
2004/05 New Spending	413	413	139	93	0
Carry Forward from 03/04		1,543			
Total Non-Rec Exp	613	2,156	183	93	0
Total City Council Budget Requirement	14,281	15,701	14,170	14,857	15,313
Parish Council Precepts	308	308	315	330	340
Total GF Requirement	14,589	16,009	14,485	15,187	15,653

RESOURCE PROJECTIONS

RESOURCES PROJECTION	<u>2004/05</u>		<u>2005/06</u> <u>Estimate</u> £000	<u>2006/07</u> <u>Projection</u> £000	<u>2007/08</u> <u>Projection</u> £000
	<u>Original</u>	<u>Revised</u>			
	<u>Estimate</u> £000	<u>Estimate</u> £000			
Projected External Finance:					
- Revenue Support Grant	(5,545)	(5,545)	(5,697)	(5,839)	(5,986)
- NNDR Grant	(2,755)	(2,755)	(2,942)	(3,016)	(3,091)
- Surplus on Collection Fund	(77)	(77)	(55)	(55)	(55)
- C/Tax for Parish Precepts	(308)	(308)	(315)	(330)	(340)
- Council Tax Yield (estimate of 3.5% Increase 2005/06 +)	(5,237)	(5,237)	(5,470)	(5,712)	(5,965)
Total Income based on 3½% Tax Increase Projections	(13,922)	(13,922)	(14,479)	(14,952)	(15,437)
Plus Approved Contributions from Balances:					
- pre 2004/05 non-recurring commitments	(156)	(156)	(44)		
- 2004/05 non-recurring commitments	(414)	(1,834)	(139)	(93)	0
- Benefits (Ex HRA)	(97)	(97)	0	0	0
- Pensions Fund					
Total Use of Reserves	(667)	(2,087)	(183)	(93)	0
Total Projected Resources	(14,589)	(16,009)	(14,662)	(15,045)	(15,437)

SAVING PROPOSALS

Detail	2005/06 £000	2006/07 £000	2007/08 £000
Recurring Savings:			
Increased Salary Turnover (3%)	(200)	(200)	(200)
Best Value Budget	(5)	(5)	(5)
Communication/Publications	(7)	(7)	(7)
Shopwatch/Pubwatch	(20)	(20)	(20)
Building Control Reserve	(13)	(13)	(13)
GIS Staffing	0	(55)	(55)
Rent Reviews	(70)	(70)	(70)
Rheged	0	(5)	(5)
IT Purchasing Review	(20)	(20)	(20)
Audit Fees	(11)	(11)	(11)
Total Savings	(346)	(406)	(406)
Income above CCP Target:			
Land Charges	(11)	(11)	(11)
Car Parking	(76)	(76)	(76)
Planning	(28)	(28)	(28)
Bereavement	(80)	(80)	(80)
Miscellaneous (net reduction)	6	6	6
Total additional income	(189)	(189)	(189)
Further Savings Offered:			
Reduce certain Inflation to 1.5%	(30)	(30)	(30)
Overtime – 3% reduction	(20)	(20)	(20)
Payroll Processing	(3)	(3)	(3)
Revenues and Benefits efficiencies	(20)	(20)	(20)
Civic Centre Rating appeal	(10)	(10)	(10)
GIS Staffing	(55)	0	0
Cumbria Inward Investment Agency	(20)	(20)	(20)
Total further savings	(158)	(103)	(103)
Total Recurring Savings/Income	(693)	(698)	(698)
Non -recurring Savings:			
Electoral Registration	(71)	0	0

New Spending Pressures

Detail	2005/06 £000	2006/07 £000	2007/08 £000	Future £000
Recurring:				
Pensions Fund Deficit Estimate	160	320	480	
Rating Revaluation	15	15	15	
Single Status/Job Evaluation (Max)	0	0	1,000	
Benefits Overpayments	115	115	115	
Artefacts Storage – Shaddon Mill	0	12	45	
Joint Neighbourhood Forums	25	25	25	
Talkin Tarn	100	100	100	
Heysham Park	0	17	17	
Advice Agencies	60	60	60	
Broadband for Members	10	10	10	
New Information Systems	25	25	25	
Occupational Health	15	15	15	
Admin Support MSES	35	35	35	
Training and Development	50	50	50	
Civil Contingencies	65	60	60	
Concessionary Fares	70	70	70	
Abandoned Vehicles	14	20	20	
Grass Cutting Standards	81	81	81	
Recycling	72	72	72	
City Centre Promotions	20	20	20	
2003/04 Amending Report Impact	13	13	13	
Total Recurring	945	1,135	2,328	
Non -Recurring:				
Local Plan Inquiry	100			
Single Status/Job Evaluation	120	35	35	
Rural Support	8	15	15	
Tullie House Income	40			
LSP Officer	7	28		
Conference Development Pilot	10			
Events Budget	15			
Integrated Service Delivery	25			
Housing Strategy (5 years)	120	120	120	240
Total Non Recurring	445	198	170	240

PARISH PRECEPTS 2005/2006

APPENDIX F

Parish Council	Precept Paid 2004/5	Precept Requested 2005/6	Percentage Increase
	£	£	
Arthuret	36,800	38,390	4.32
Beaumont	3,000	3,075	2.50
Bewcastle	3,250	3,250	0.00
Brampton	82,000	82,000	0.00
Burgh-by-Sands	11,275	11,275	0.00
Burtholme	1,500	1,540	2.67
Carlatton & Currew	240	250	4.17
Castle Carrock	2,500	2,875	15.00
Cummersdale*	4,000	4,140	3.50
Cumwhitton	2,200	2,420	10.00
Dalston	19,000	20,000	5.26
Denton Upper	1,000	1,000	0.00
Farlam*	1,300	1,345	3.46
Hayton	11,000	11,500	4.55
Hethersgill	5,000	5,000	0.00
Irthington	4,725	5,200	10.05
Kingmoor	2,750	3,025	10.00
Kingwater	900	900	0.00
Kirkandrews-on-Esk	3,000	5,000	66.67
Kirklington	1,650	1,750	6.06
Midgeholme	300	350	16.67
Nether Denton	2,500	2,625	5.00
Nicholforest	3,000	3,000	0.00
Orton	2,400	2,400	0.00
Rockcliffe	2,500	2,500	0.00
Scaleby	3,000	3,000	0.00
Solport	850	1,000	17.65
Stanwix Rural	31,800	33,708	6.00
Stapleton	1,700	1,800	5.88
St Cuthbert Without	13,000	15,000	15.38
Walton	3,150	3,550	12.70
Waterhead	600	600	0.00
Westlinton	1,400	1,200	-14.29
Wetheral	44,271	41,014	-7.36
TOTAL	307,561	315,682	2.64

* Estimated figures as precept request not received from Parish.

BUDGET 2005/6 – NEW REVENUE SPENDING PROPOSAL

Title: *TACKLING ECONOMIC & SOCIAL EXCLUSION [Ref 14.14]*

Proposed By: *HEAD OF ECONOMIC AND COMMUNITY DEVELOPMENT*

Full Details of Proposal:

This bid relates to the partnership work being undertaken with Carlisle Housing Association (CHA) as part of the Urban Carlisle Economic Renewal Action Plan funding application to the NWDA. The budget bid is to provide match funding as part of a broad-based package including NWDA, LSC and voluntary sector.

CHA as lead partner in this project has committed substantial regeneration funding to support their stock investment programme as part of the large-scale voluntary transfer process. The wards and housing estates of Upperby, Botcherby, Harraby, Currock, Morton and Belle Vue, which were identified as the most economically vulnerable neighbourhoods of Carlisle, will be targeted.

Together with key delivery partners, CHA will utilise this regeneration investment to establish a coherent and targeted framework which is focused on delivering activity in the areas of:

- ***Training for Employment** - with a combination of activity which will include pre-access development for a hard to reach, employer-designed training programmes and mentoring schemes aimed at moving people into employment*
- ***Carlisle Learning Communities** – which will develop further community based learning opportunities and establish a progression route from basic skills to undergraduate study targeted at traditionally excluded communities and located where people live their lives*
- ***Employment** – provision of work placements with employers participating in the Intermediate Labour Market and the movement of people into jobs from the training and learning elements of the programme.*
- ***Development of Enterprise** – from year two this will involve a range of business support activity including development of new neighbourhood based start-up businesses, community-interest companies and social enterprises*

The single theme linking all this activity is the maximisation of investment to ensure improved opportunities, which will benefit the individual, the neighbourhood and the wider community of public and private stakeholders. Some of the largest employers in Carlisle are set to participate in the project and are looking to alleviate their recruitment and retention problems.

Approval Process (please insert date of consideration and any relevant comments):

Portfolio Holder: Agreed 16/09/04

CMT:

EMG:

SFPG:

Assessed Priority – High:

Relevant Overview & Scrutiny Committee
Infrastructure

NEW REVENUE SPENDING PROPOSAL 2005/6

TACKLING ECONOMIC AND SOCIAL EXCLUSION : UPDATE

Carlisle Economic Renewal Action Plan

This note provides an update on the latest position regarding the background to and detail of the proposed City Council involvement as a match funding partner in the CHA – led project Bringing Regeneration Home (BRH). As described in the Revenue Spending Proposal, BRH forms part of the Carlisle Economic Renewal Action Plan bid to the North West Development Agency (NWDA). This is a broad programme of economic interventions to improve the economic base and employment prospects in our most deprived communities. Following the announcement of the large scale redundancies at Cavaghan & Gray renewed pressure was placed on NWDA and they have asked for it to be revised and re-submitted. This is being done and a new project incorporating a specific response to the redundancies and a proposed recovery package for the company has been included. Two of the Action Plan projects, BRH and the A6 corridor initiative have also been adjusted to reflect the changed circumstances. The bid will be re-submitted to NWDA before Christmas and appraised in January. From then, a further process of negotiation is expected. The optimistic timescale would see the Programme approved and able to spend from April 2005.

The overall Programme is scheduled to last 8 years and the BRH element will run for 7 years. The Programme's total value is £35 million which assumes a large proportion (65%) is from the private sector, the amount being sought from the NWDA is £8.4 million.

Bringing Regeneration Home Project

The BRH project is valued at £6.4million approximately 18% of the overall Action Plan spend and is seeking £1.93m of NWDA money. It will deliver the following key outputs:-

- 292 new jobs
- 12 new businesses created
- 224 people gaining new skills
- 168 people assisted to get a job

During it's development the project has enjoyed considerable support from local businesses who appreciate the genuine effort being made to design a scheme to meet their specific needs in Carlisle rather than trying to make national programmes "fit". This support has been most evident in the Carlisle Large Employers' Affinity Group run by the Chamber of Commerce who fully endorse the proposal.

In preparation for full delivery from April 2005, work has been undertaken to develop 2 pilot projects which run from early next year, these are:

- It's Up to You (Motivation, ICT, job search, job guarantee and Choices & Consequences)

- **Building a Future** – Construction based training linked to CHA's stock investment programme.

In response to Cavaghan & Gray redundancies CHA intends to earmark 75% of places to those made redundant in the two Building a Future programmes running from April.

Projects Costs and Match Funding

The following table shows the full costs over the project's lifetime.

YEAR	REVENUE (£1,000's)	CAPITAL (£1,000's)	TOTAL (£1,000)'s
2005/6	642.2	98.1	740.3
2006/7	886.7	1.0	887.7
2007/8	907.8	31.0	938.8
2008-11	3,788.0	48.0	3,836.0
TOTAL	6,224.7	178.1	6,402.8

As can be seen from the table above the vast majority of funding is required for revenue expenditure (97% overall and 87% in the first year).

The partnership funding package is illustrated in the table below the request for a City Council contribution is included in the 'Public' match funding. In the first year (2005/6) would make up 36% of this total and 6.7% of the overall costs. The other public sector funders are Cumbria County Council (request also not confirmed) and European Social Fund money through the Learning and Skills Council of which £66,320 has been confirmed for the first two years.

	Public (including City)	Private	Voluntary	NWDA	Total
2005/6	110.0	473.7	10.0	146.6	740.3
2006/7	81.3	639.2	0	167.2	887.7
2007/8	80.0	555.4	0	303.4	939.8
2008-11	230.0	2,292.7	0	1,313.3	3,836.0
TOTAL	501.3	3,961.0	10.0	1,930.5	6,402.8

SUMMARY

The BRH project is the most developed of all those proposed in the NWDA bid and the activities costs and funding have been worked up in considerable detail. The project will be piloted "live" from early next year.

The contribution requested from the City Council is a small, but important part of the overall funding package. The likelihood is that the project would still happen without City Council financial support, although at a reduced level. However, as well as maintaining the scale and integrity of the project, City Council resources being shown as match funding also send a strong message to the NWDA. They want to see that local partners, as well as CHA support the project and will take this into consideration at appraisal stage.