

**BUDGET CONSULTATION MEETING WITH
NON-DOMESTIC RATEPAYERS / BUSINESS REPRESENTATIVES
MONDAY 4 JANUARY 2021 AT 3.18pm**

PRESENT: Councillor J Mallinson (Leader / Chair)
Councillor Ellis (Deputy Leader, and Finance, Governance and Resources
Portfolio Holder)

Chief Executive
Corporate Director of Finance and Resources

ALSO

PRESENT: 4 x Business Representatives / Non-Domestic Ratepayers

1. WELCOME

The Leader welcomed all those present to the budget consultation meeting.

2. APOLOGIES FOR ABSENCE

No apologies for absence were submitted.

3. BUDGET 2021/22

The Executive Budget Proposals 2021/22 were issued for consultation on 14 December 2020. Copies of the Budget Proposals and document entitled 'Have Your Say' had been circulated prior to the meeting.

The Executive Budget Proposals 2021/22 to 2025/26 recorded that the Council was facing many financial challenges over the next five-year planning period and forecast resources were not anticipated to cover the expenditure commitments without 'transformational' savings being identified in accordance with the Council's Savings Strategy.

The main issues included:

- Government Finance Settlement – impact of the 2020 Spending Round, and the deferral of the Business Rates Retention and Fair Funding Reviews;
- Further changes in Government Grant e.g. New Homes Bonus, Housing Benefit Admin Grant;
- Future borrowing requirements;
- Commercial and Investment Opportunities

Speaking at the invitation of the Leader, the Corporate Director of Finance and Resources indicated that she would provide an overview of the background position before moving on to the salient points.

The Corporate Director explained that:

- the 2021/22 Executive Budget Proposals issued for consultation constituted a balanced budget;
- reserves were maintained at prudent levels;

- the current MTFP included a recurring savings requirement to be found by 2023/24 of £1.850million; however, a revised savings requirement had been calculated that would see savings increase to £1.200million by 2021/22, increasing to £2.050million in 2023/24 which took into account the pressures and bids and the additional savings identified;
- the draft budget proposed an annual £5 increase per Band D in Council Tax for the City Council for 2020/21.

She then summarised the Recurring Budget Increases itemised at Schedule 3; the Non-Recurring Budget Increases at Schedule 4; the proposed Capital Programme at Schedule 8; and the Usable Reserve Projections depicted at Schedule 10.

The Corporate Director concluded her presentation by explaining that Government reviews would be deferred a further year which allowed the Council to continue, if it so wished, with the Cumbria Business Rates Pooling arrangements. She also detailed the Government's consultation process on the settlement figures being offered to the Council which would alter (and reduce) the level of savings required for 2021/22.

The undernoted issues / questions were raised in discussion:

- *The City Council had made a successful bid to the Future High Street Fund, however, the funding allocated had not been equivalent to the schemes submitted. Was there more information available on the schemes that would go ahead under using the High Street Fund monies?*

The Leader confirmed that the bid to the Future High Street Fund had been comprised of a number of schemes and the Council had been successful in receiving 69% of the requested allocation. Further work would take place to consider how the allocation would be used and which schemes would progress, a final decision would be made by Members. The Corporate Director added that the budget would need to be updated to reflect the recent funding announcement, once final allocations were provided. The budget already included a contribution of £390,000 towards the Market Square Scheme and may change following the allocation of the Future High Street Fund. The Corporate Director agreed to circulate further details of each of the schemes included in the bid.

In response to a question the Corporate Director explained that the City Council needed to find £2m in savings over the next five years. The Senior Management Team were working on a savings strategy which would focus on a mini base budget review of non-staffing budgets. She added that a report would be submitted to Members which identified areas savings could be made.

- *There was some concern that properties would lose value and impact the income for the Council. A representative asked if it would be prudent to carry out valuations to ensure that the income was a true reflection of the property.*

The Corporate Director clarified that City Council assets were revalued annually in a variety of different ways depending on the type and category of the asset. She agreed to circulate further information with regard to the valuation process for Council owned assets.

- *Why was Business Rate Growth income for one year only (2021/22)?*

The Corporate Director responded that the expectation had been that 2020/21 would be the final year of the Cumbria Business Rates Pooling arrangements, as the Government was undertaking 2 reviews into Local Government Funding (Fair Funding review & Business Rate Retention); however the reviews had again been deferred and the MHCLG had agreed not to revoke the current pooling legislation. This, in effect, meant that the pooling arrangement could continue into 2021/22, if all participating members agree. This could benefit the Council in 2021/22 of up to £1.2million.

In response to a question regarding the impact of Covid 19, the Corporate Director confirmed that the participating members of the Cumbria Pool worked with an external company who had carried out a risk assessment and were confident that the figures were as realistic as they could be in the current circumstances.

- *How did the Borderlands Project fund the loss of income from council owned city centre properties?*

The Corporate Director of Finance and Resources explained that the City Council owned property was part of the Citadels development. There was expectation that there would be a return (not currently budgeted for) from Council assets which were being used to support and contribute towards the Borderlands projects, either through a capital receipt or revenue stream all of which would be subject to a decision of a future Executive. She added that it was too early in the process to include other expenditure or income in the budget for the project.

The detailed business cases for the Borderlands projects within Carlisle were being prepared (a Full Deal is expected in the new year), and a Project Management Office (PMO) had recently been established. The City Council contributed towards the cost of the PMO and had also an appointed Project Officer at the Council (the costs of which were included in previous years budgets). All of the schemes should be fully funded via Government and private sector contributions, with the Council only being expected to provide officer/staff time, and to consider which assets it was prepared to 'release' to support the schemes.

- *Had the potential local government reorganisation been considered when progressing with the Civic Centre ground floor reinstatement work?*

The Corporate Director reminded the representatives that the reinstatement work was covered by the insurance money received following the severe flood in 2015. The current Customer Contact Centre was in temporary accommodation which incurred an annual rental cost and a permanent solution should be found for this key service to the public. In addition the reinstatement work involved changes to the Council Chamber and the creation of a new Chamber and multi-functional state of the art conference space.

The Leader acknowledged that some savings would be made should the reorganisation progress, however, there would still be a requirement for sufficient space for staff and Carlisle would continue to be a centre for a new authority, if LGR approved a changed system of local government in Cumbria.

- *How would the proposed Harker View development affect other Council owned assets?*

The Leader acknowledged that the proposed development was at the pre planning stage, however, there had not yet been any consultation with the City Council regarding the development.

- *Why had the budget not included any rental income for the new Gateway 44 project?*

The Corporate Director clarified that budgetary assumptions were that the units would be fully let by 2023/24, generating a rental income of approximately £800,000 pa. Those assumptions would need to be revised depending upon current negotiations with interested parties, occupancy timings and rent free periods.

- *Parts of the Kingstown Industrial estate were looking tired- and there seemed to be issues re car flow into McDonalds and access in and around the car showroom/industrial units around this area. What budgeted costs had been included in the budget to maintain and enhance the Kingstown Industrial Estate?*

The Leader acknowledged that there were some empty units in the area, however, some of the units were owned by external organisations and it was hoped that the area would be improved soon.

- *A representative asked that the City Council speed up the implementation of various Covid-19 schemes as it had been slower than other authorities in awarding support.*

The Leader acknowledged that there had been a large number of grants issued in the initial lockdown, the City Council had undertaken a very careful process which resulted in the Council having one of the most successful schemes in the Country. He agreed to look at the current schemes and their implementation processes.

- *Had the costs for the demolition of the Central Plaza been written off?*

The Leader explained that any options for the vacant site would impact how much, if any, money would be retrieved.

- *The Leader was urged to look at the funding for Tullie House favourably to continue to encourage the museum to thrive in the City.*

The Leader assured the representatives that the City Council were committed to supporting Tullie House, however, the financial support was a significant burden on discretionary spending and as a result there had been a reduction in support. Consideration was being given to the support the Council could provide to Project Tullie to ensure that the museum continued to grow in the City.

- *A representative asked for an update on the Bitts Park project.*

The Deputy Leader responded that the business case for the project had not been achievable and the changes required to the building were too prohibitive.

[The meeting ended at 4.21pm]