

Responses to 2021/22 Budget Consultation

A.1 refers

Email received 18 December 2020:

- 1) Civic Centre item should be removed and replaced with a budget for its demolition and replacement with a public garden and improving pedestrian access routes to the new Sands Centre development;
- 2) Garden village and Southern Relief Road should be shelved or, failing that, recovery of capital cost exposure should be legally guaranteed from developers and not just remain a vague aspiration;
- 3) Not clear what if anything, has been budgeted for the appalling and seemingly annual cost of over-generous and undeserved termination payments to inadequate/failing senior council management. It would be good to know the total spend on such matters in the last three years together with any budgeted amount for 20/21.

A.1 (a) refers

BUDGET CONSULTATION MEETING WITH TRADE UNION REPRESENTATIVES

MONDAY 4 JANUARY 2021 AT 2.00 PM

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

ALSO

PRESENT: 5 x Trade Union Representatives

OFFICERS: Chief Executive
Corporate Director of Finance and Resources

1. APOLOGIES FOR ABSENCE

No apologies for absence were submitted.

2. WELCOME

The Deputy Leader, and Finance, Governance and Resources Portfolio Holder welcomed the Trade Union representatives and thanked them for taking the time to attend the meeting and respond to the Executive's Budget Proposals 2021/22 issued for consultation, the deadline for responses being 9 am on Monday 11 January 2021.

All of those present had been afforded the opportunity to read the documentation prior to the meeting.

3. CITY COUNCIL 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

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 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. She referenced the investment the Council continued to make in respect of staffing, assets and the ICT infrastructure.

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 savings required in 2021/22.

A Trade Union Representative requested additional information on a non-recurring grant which had been detailed in the budget. The Corporate Director of Finance and Resources agreed to provide a written response to the representatives.

[The meeting ended at 2.15pm]

**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 has 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 pf 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 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]

EXCERPT FROM THE MINUTES OF THE BUSINESS AND TRANSFORMATION SCRUTINY PANEL HELD ON 7 JANUARY 2021

BTSP.07/21 BUDGET 2021/22 – 2025/26

(1) Executive's response to the first round of Budget Scrutiny

Minutes of the special meeting of the Executive held on 7 December 2020 were submitted detailing the response of the Executive to the comments made by the Scrutiny Panels in response to the first round of Budget scrutiny.

RESOLVED – That the decisions of the special Executive on 7 December 2020 be received.

(2) Executive Draft Budget Proposals

The Executive draft Budget proposals 2021/22, which had been issued for consultation purposes, were submitted for scrutiny by the Panel.

The budget proposals were based on detailed proposals that had been considered by the Executive over the course of the last few months. In particular the reports of the Corporate Director of Finance and Resources which were considered at the Executive meeting of 14 December 2020.

The Corporate Director of Finance and Resources detailed a number of updates to the budget documents including:

- the inclusion of climate change narrative in relation to the Council's commitment to becoming carbon neutral;
- the reduction in interest rates with the PWLB which had benefited the budget;
- the inclusion of a recurring budget for project officer posts for capital projects;
- the provisional one year funding settlement had been received from central government and was subject to a consultation period which ended on 16 January 2021;
- other funding had been announced however the amount had not yet been received;
- the 2021/22 Executive Budget Proposals issued for consultation constituted a balanced budget;
- reserves were maintained at prudent levels;
- the draft budget proposed an annual £5 increase per Band D in Council Tax for the City Council for 2020/21.

In considering the Draft Budget Proposals Members raised the following comments and questions:

- *The City Council provided a range of support to local communities, at what stage would difficult decisions regarding discretionary spending need to be made?*

The Corporate Director explained that the Council's reserves were at prudent levels depending on savings being achieved. Previous savings had been achieved without the reduction in services, however there would be a point where income streams would have to be maximised to support the budget or services would have been looked at. She informed the Panel that work would be

undertaken in 2021/22 to consider how savings could be achieved and a report would go through the democratic process at the appropriate time.

- *The Climate Change Strategy and action plan would be approved after the budget had been agreed, would this result in a delay in undertaking projects to action the strategy?*

The Corporate Director assured the Panel that the financial regulations allowed for funding to be released, through the Executive or full Council, for projects to action the Strategy should it be required. In addition there may be external funding or existing budgets which could support climate change projects.

A Member felt that the language used in the budget regarding climate change was negative and he stressed how important the matter was for future generations,

- *A Member asked for clarification with regard to the pooling arrangement figures.*

The Corporate Director reminded the Panel 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.

- *Were there options were available to support the Southern Relief Road funding other than borrowing?*

The Corporate Director of Finance and Resources responded that grants for capital programmes were limited, the options open to the Council were to borrow the money, make a contribution from the revenue budget or to sell assets (not currently budgeted for) to support it. She added that alternative options were always considered before any borrowing was undertaken. The funding for the scheme was included in the budget as borrowing and would be returned to the Council via developer contributions over a long period of time.

- *Had any consideration been given to a commercial approach to offsetting carbon?*

The Finance, Governance and Resources Portfolio Holder confirmed that the Council would take any opportunities which enabled it to raise revenue in an environmentally beneficial way. He suggested that this approach be included as part of the authority's commercialisation plans.

- *Did the shortfall in City Centre properties income include the Lanes?*

The Corporate Director of Finance and Resources clarified that the shortfall was for a City Council owned property that had a rent free period. The property might be included in the Borderlands Deal and then there was expectation that there would be a return (not currently budgeted for) either through a capital receipt or revenue stream all of which would be subject to a decision of a future Executive. She reminded the Panel that the Lanes budget had been reduced in 2020/21 and the matter would continue to be monitored.

- *What had been the impact of Covid-19 on the Council Tax schemes and how were they promoted?*

The Corporate Director reported that there had been a relatively low number of applications to the Council Tax support schemes until the Christmas period when the number of applications rose significantly. The schemes were advertised on the City Council website and in correspondence sent out by officers.

- *How did the impact of Covid-19 affect the realisation of the sales of assets to support the budget?*

The Corporate Director of Finance and Resources updated the Panel on the asset review and update to the disposal programme. She added that the performance of the sale of assets was being very closely monitored.

- *A Member asked for an update on the introduction of flexibility for waste services charges.*
The Environment and Transport Portfolio Holder explained that the matter was currently being discussed.

RESOLVED – 1) That the Panel accepted the Executive draft Budget Proposals 2021/22 as issued for consultation;

(3) Background Information Reports

(a) Budget Update – Revenue Estimates 2021/22 to 2025/26

The Corporate Director of Finance and Resources submitted report RD.42/20 providing a draft summary of the Council's revised revenue base estimates for 2020/21, together with base estimates for 2021/22 and updated projections to 2025/26. The report included the impact of the new savings and new spending pressures currently under consideration and the potential impact on the Council's overall revenue reserves.

The Executive had considered the matter on 14 December 2020 (EX.141/20 refers) and decided:

"That the Executive:

- (i) Noted the revised base estimates for 2020/21 and base estimates for 2021/22;
- (ii) Noted that the estimates in the report were draft and would be subject to the confirmation of Local Government Finance Settlement in December 2020;
- (iii) Noted the current MTFP projections, which would continue to be updated throughout the budget process as key issues became clearer and decisions were taken;
- (iv) Noted the budget pressures, bids and savings which needed to be taken into account as part of the 2021/22 budget process;
- (v) Noted the Statutory Report of the S.151 Officer outlining the risks associated with the draft budget figures and that minimum reserves may need to be reviewed in the future depending upon the outcome of the Local Government Finance review."

(b) Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26

The Corporate Director of Finance and Resources submitted report RD.43/20 which provided a draft summary of the Council's revised capital estimates for 2020/21 together with base estimates for 2021/22 and updated projections to 2025/26.

The Executive had considered the matter on 14 December 2020 (EX.142/20 refers) and decided:

"That the Executive:

- (i) Noted the revised capital programme and relevant financing for 2020/21 as set out in Appendices A and B of Report RD.43/20, for recommendation to Council;
- (ii) Had given initial consideration and views on the proposed capital spending for 2021/22 to 2025/26 given in the report in the light of the estimated available resources, for recommendation to Council;
- (iii) Noted that any capital scheme for which funding had been approved by Council may only proceed after a full report, including business case and financial appraisal, had been approved."

RESOLVED - That the Panel had received the following reports:

Budget Update – Revenue Estimates 2021/22 to 2025/26 (RD.42/20);

Revised Capital Programme 2020/21 and Provisional Capital Programme 2021/22 to 2025/26 (RD.43/20).