

**NOTES OF BUDGET CONSULTATION
LARGE EMPLOYERS AFFINITY GROUP
FRIDAY 6 JANUARY 2012 AT 11:00PM**

PRESENT: Councillor Mitchelson
Councillor J Mallinson
Peter Mason, Assistant Director (Resources)

Representing Large Employers Affinity Group:
Mr P Ashley Clark Door
Mr R Johnston Cumbria Chamber of Commerce
Mr A Wilson Pirelli
Mr M Wood Dodd & Co

APOLOGIES: Jason Gooding, Town Clerk and Chief Executive

1. WELCOME

Councillor Mitchelson welcomed the representatives of the Large Employers Affinity Group and thanked them for taking the time to attend the meeting and respond to the Executive's draft budget consultation.

The various parties then introduced themselves.

2. BUDGET

Councillor Mitchelson informed the meeting that the City Council and its employees had been through major transformation change and had taken on, and met, the challenge. There had also been reductions in Government grants that had impacted on the budget. Councillor Mitchelson explained that the Council had saved £3million and that the Council now had a sound financial base that would enable a more measured approach to the future required savings of £2.337million over the next four years. A freeze on Council Tax had also been proposed. Councillor Mitchelson stated that the Council were committed to maintaining front line services but decisions would have to be made on how that could be achieved. There were a number of options available including partnership working and the transfer of some services to community groups if appropriate. At present Members were maximising the use of the assets held by the Council and how the Council's services could be run.

Councillor Mitchelson advised that the key issues included the shortfall in income which had been factored into the budget. Some of that shortfall was from car parking charges which had been reviewed and as a result a reduction in charges was proposed as well as a revision to the contract charges. Officers and Members were

working on the Asset Business plan with the intention of retaining some of the assets and selling some on with a view to re-investing the funds in other areas.

Mr Johnston agreed that the Council appeared to be in a good financial position compared to other authorities but stated that he had found it difficult to fully understand the financial position from the information provided. He hoped that the Council's policies would be acted upon quickly to cover the expenditure. However, Mr Johnston was happy that the economy in Carlisle was a key consideration within the Council and stated that the Council were doing a good job in very difficult circumstances.

Councillor Mallinson explained that Officers had tried to take a balanced view of the situation and that they had tried to be optimistic in a difficult time that could potentially worsen. He anticipated that the economy would build up over the coming 1-2 years.

The Assistant Director (Resources), Mr Mason, then gave a summary of the 2012/13 Budget, copies of which had been circulated prior to the meeting. He explained that the 26% cut in Government Grants from the previous year had been factored into the budget and the £3million required to cover the shortfall had been identified. Income streams and costs had been built into earlier years' budgets in anticipation that the country would be out of the recession by 2011/2012. However recent projections indicated that it would not be likely until mid 2014/2015. Therefore the 2012/2013 budget had been developed with a view that the recession would continue until mid 2014/2015. Cost pressures had been as a result of the recession and inflation. Mr Mason explained that the Lanes had been successful in keeping the units occupied by offering short term deals..

Mr Mason advised the meeting how the reduction in staff turnover had affected the budgets. Mr Mason explained that that shortfall in revenue had been built into the budget for the next three years.

Mr Mason explained how the remaining cost pressures affected the budget.

Discussion arose, during which the following questions and issues were raised:

Mr Ashley queried why car parking had been losing revenue and whether there were enough car parks but in the wrong places.

Councillors Mitchelson and Mallinson advised that there was more competition for car parking and there were also fewer people using the car parks due to the economic downturn. A review had been undertaken that had looked at the competitiveness of the car parks and the Council had resolved that charges should be reduced. Councillor Mallinson also believed that when the CNDR opened in early 2012 that

would make Gretna Gateway Shopping Centre more accessible to people in West Cumbria.

Mr Johnston queried whether there was enough publicity about the contract parking and whether the Large Employers Affinity Group could do anything to assist.

Councillor Mitchelson explained that it was anticipated that the revised charges would come into effect in early March 2012 and that there would be publicity and advertising at that time, but it would be appreciated if the links made with the Group could be used to facilitate the changes.

Mr Johnston believed it was important that commerce was retained within the City Centre to assist the lunchtime and evening economy but there had been comments made that it was difficult to find parking at a reasonable cost.

Councillor Mitchelson advised that the contract parking would cover weekends which would make it competitive. Councillor Mallinson added that it would be useful for members of the Group to make suggestions with regard to parking that could then be taken into account.

Mr Mason explained that as the Council did not have as many staff as in previous years the recruitment budgets had been reduced. He emphasised that it would still be a challenge to achieve the £2.337million required over the next four years. As the authority was now smaller and had a track record of making savings minimum revenue reserves could be reduced from £3.8million to £2.6million.

Mr Mason further advised that as the budget position was tight there had been no room for recurring spending pressures. Non recurring funding would be made available for issues such as the Olympic Torch event. The Local Environment directorate were also developing a team that would respond quickly to issues such as graffiti and fly tipping on a three year initiative. It had also been decided not to reduce funding to the Cumbria Law Centre or the Citizens Advice Bureau in 2012/2013 as it was believed that many people would require those services in the present economic climate.

Mr Mason stated that there were other issues that were as yet unknown. Those included the Government's financial settlement, the Welfare Reform Act and the localisation of business rates.

Mr Johnston believed that the issues around the business rates would be fixed in due course and that the challenge would be how to move forward. He added that he believed that it would be an opportunity to get the economic development moving.

Mr Ashley queried how the Council would manage the budget following the localisation of business rates.

Councillor Mitchelson explained there would be more flexibility to work with the private sector and it was anticipated that the Council could help by allowing rates discounts or rates “holidays “.

Mr Johnston advised that local authorities would be able to tap into the funding from the NEA contract and the benefits would be felt within Carlisle. The Chamber of Commerce was in discussion with authorities across Cumbria but were encouraging work within the City Centre to help the economy to grow.

Mr Ashley added that it was important to support the businesses already in place and that that needed to be part of the Council’s strategy.

Councillor Mitchelson stated that the Council was committed to growth in Carlisle and while there were not massive amount of cash available some of the funds raised by the sale of assets would be used towards economic growth in Carlisle, including the industrial estates.

Mr Mason believed that business rates would become a major issue in the next few years but agreed that the funding for economic development needed to be available.

Mr Mason advised that the County Council were also making savings that would affect the City Council. They included on-street parking, claimed rights and the Cumbria Waste Partnership.

With regard to capital Mr Mason advised that the major projects were the women and families accommodation, refurbishing the old Town Hall and used towards the Disabled Facilities Grants. He explained that the anticipated £15million from the sale of assets would be invested. That could either be used to pay off the £15million loan (in 2020/2021) held by the Council or used in other ways. That would be discussed further at the appropriate time. However in the short term it would provide support to the revenue budget.

Mr Johnston believed that the realism of the future was in joint ventures and working with partners. Once the economy started moving again those issues would be made easier.

Mr Ashley believed it would be difficult for retail outlets to come back from the effects of internet shopping.

Mr Johnston stated that one of the main issues was how to retain a place in the high street marketplace. He added that Carlisle had benefitted from the good management

of the Lanes. Mr Johnston believed that there was a similar picture across the whole of the UK but added that Carlisle had the feel of a market town.

Councillor Mitchelson stated that there were national companies looking to come to Carlisle but there were no suitable premises at the present time.

With regard to capital expenditure Mr Mason advised that next year the Council would implement a large vehicle replacement strategy, including looking at the replacement of the refuse vehicles in 2015/2016 and consider whether the replacement fleet should be purchased or leased and the implications of service reviews on vehicle replacement.

Councillor Mitchelson reiterated that the Council were committed to providing services but not necessarily in a way that they had always been provided.

Mr Johnston suggested that there was the opportunity for not for profit companies to be created to run some of the services.

Mr Mason advised that that option was being looked at.

With regard to resources Mr Mason stated that the main challenge in the short term was to find a £600,000 saving for 2012/2013. Councillor Mitchelson explained that Members were considering the management structure following the appointment of Dr Gooding as the new Chief Executive.

Mr Johnston was concerned about the negative press articles and stated that as a Chamber there were concerns that such press may deter potential investors from coming to Carlisle. He believed that people in Carlisle had a good quality of life and that investors should be encouraged to bring business to the City.

Councillor Mitchelson confirmed that the economy and the growth of the economy were still one of the Council's main priorities.

Mr Wilson queried whether the funds from the sale of the assets would be used for environmental enhancements.

Mr Mason explained that the Council had looked at buying and selling assets in accordance with the Business Asset Plan.

Mr Ashley requested further information on the impact of Job Evaluation and queried whether there had been any changes with regard to pensions.

Mr Mason confirmed that any changes to pensions would not affect the budget. With regard to staff turnover Mr Mason stated that as staff were staying in post longer and

retiring later there would be an issue with regard to career development. Mr Mason confirmed that the Council had completed the work on Job Evaluation and that everyone who had moved up would be at the top of their increment levels by 1st April 2012.

Mr Johnston thanked Councillor Mitchelson for the opportunity to contribute to the meeting and confirmed that all partners were keen to work with each other for the future of Carlisle.

Councillor Mitchelson thanked the representatives for their input, adding that the Council appreciated the support received from businesses.

(The meeting closed at 12:15pm