

**BUDGET CONSULTATION – TRADE UNION REPRESENTATIVES
FRIDAY, 6 JANUARY 2012 AT 1.00 PM**

PRESENT: Councillor Mitchelson (Leader)
Councillor J Mallinson (Governance and Resources Portfolio Holder)

Mr C Lexa (UNISON)
Mr D Armstrong (UNISON)

Dr J Gooding (Town Clerk and Chief Executive)
Mr P Mason (Assistant Director - Resources)
Mrs J Cross (Personnel Manager)

1. APOLOGY FOR ABSENCE

An apology for absence was submitted on behalf of Mr G Caig (GMB Organiser).

2. WELCOME

Councillor Mitchelson welcomed the Trade Union representatives and thanked them for taking the time to attend the meeting and respond to the Executive's draft Budget Proposals 2012/13 issued for consultation.

3. CITY COUNCIL BUDGET 2012/13

Councillor Mitchelson informed the meeting that the proposed savings contained in the Budget Proposals were necessary to ensure that the authority continued to meet the challenges of the reduction in the money received from central Government over the five years which started in 2011/12.

The Executive had successfully identified £3 m in transformational savings and now had a solid financial base in order to set their 2012/13 Budget. Accordingly, it was possible to adopt a more measured approach in spreading the further savings required of £2.337 m over the next four years whilst maintaining a safe and healthy financial future for the Council.

As part of next year's budget, the Executive was proposing a Council Tax freeze for the City Council for 2012/13 which was the first time the citizens of Carlisle had the benefit of a freeze for two years running.

He added that the Executive was still committed to protecting front-line services, such as waste and recycling collections and street cleaning, but had to take some tough decisions about services and future spending.

The Council would continue:

- working in partnership with other Councils or organisations;
- buying in services (where it made good financial sense);
- looking at transferring services to community groups, if appropriate;
- focussing on raising more income from its own assets; and
- making the Council's services even more efficient.

In addition to the Council Tax freeze the key issues within the Executive's budget proposals included:

- shortfalls in income had now been factored into the 2012/13 budget
- as a result of a thorough review of car parking facilities within the City they had an overall reduction in charges for 2012/13
- re-profiling of the Asset Business Plan which would include a sum of £15 million being temporarily invested in the money market to generate additional interest
- continuation of the small scale community budgets for members to spend in their own areas tackling specific ward issues.

Councillor Mitchelson reported that there was also a small amount of flexibility within the budget to enable the Executive to fund non-recurring revenue schemes. Those included financial support for the events programme including the Olympic Torch and to celebrate the Queen's Jubilee, and support to enhance the Environmental Enforcement Team for two to three years. Given the Executive's success in delivering savings in previous years, they were confident the current savings target would be met whilst still providing scope to fund those non-recurring schemes.

The proposed savings in the budget covering advice agencies would not be taken. The Executive would continue to support the Law Centre and the Citizens Advice Bureau which was important during a time of recession.

Mr Lexa said that last year it had not been possible to determine whether the economy was out of recession. He therefore understood the Executive's decision to continue to support the Law Centre and Citizens Advice Bureau and was sure that was appreciated. In his view the economy may not emerge from recession for some years.

Councillor Mallinson advised that the Executive had built into their Budget Proposals an assumption that the economy would pick up by 2015/16. An increase in the bank base rate, for example, would assist in generating more economic activity. He added that it had been necessary to strike a balance between being over optimistic and pessimism, and only time would tell if that assumption was correct or not.

Councillor Mitchelson stated that factors such as the low interest rates brought additional budget pressures. The Executive would monitor the position.

Mr Mason drew attention the summary document which had been produced, expressing the hope that the paper would assist people in their understanding of the Executive Budget Proposals.

He outlined the background to and context of the 2012/13 budget, commenting on the ongoing challenge of factoring in a 26% reduction in RSG (and significant reductions in other revenue and capital grants) over the coming five years. Some of the £3 m transformational savings identified in 2011/12 was built into future years including 2012/13.

Referring to trend projections, Mr Mason indicated that clearly the country had not emerged from recession quickly and there would be at least a further two years of flat lining to come. The ongoing implications of recession and 5% inflation rate were reflected in the table on page 3 of the summary document and he outlined the current position with regard to the various issues.

Mr Mason further gave an explanation of the following main issues:

- Government Finance Settlement
- Welfare Reform Act including localisation of Council Tax Benefit
- Local Government Resource Review regarding the localisation of Business Rates
- Impact of the County Council's savings initiatives in the areas of:
 - Highways Claimed Rights
 - On Street Parking Enforcement
 - Cumbria Waste Partnership
- Minimum level of Council Reserves
- Transformation

He added that the Council was facing similar significant pressures on its Capital Programme over the coming five year period as reductions to grant funding and falling asset sales meant that the resources were not available to support the programme to the scale that they had in the past. He then outlined the

proposed Capital Programme as detailed at Schedule 8 of the Budget Proposals.

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

Mr Lexa noted that the Executive's draft budget proposed a Council Tax freeze for the City Council for 2012/13. He understood, however, that the County Council was not adopting that stance and questioned the impact thereof bearing in mind that the County was a larger authority.

Councillor Mallinson replied that he believed that the County Council's position may now have changed.

Mr Lexa questioned the current position regarding the long-term loan (the £15m stock issue) and whether it would be more prudent to pay it off earlier.

In response, Councillor Mallinson explained that the costs of making a premature repayment were very prohibitive in the present climate. Mr Mason added that the position was reviewed on a yearly basis.

Mr Lexa referred to Mr Mason's reference to the effects of inflation and asked whether that would be cumulative. He added that inflation clearly would have impacted negatively upon staff whose salaries did not reflect the increase.

Mr Mason replied that he had in fact been referring to the Council's success in generating savings at a time of inflationary pressures on the Council's finances.

Mr Lexa referred to the Executive's commitment regarding future service delivery as outlined above. He questioned whether Parish Councils for example would wish to deliver Council services.

Councillor Mitchelson advised that the issue was not straight forward e.g. there were no Parish Councils in the urban area.

Councillor Mallinson added that he did not believe that many Parish Councils would be in a position to take on major service delivery.

Mr Lexa sought clarification as regards the statement that the Executive would have to take further tough decisions. Referring to the 26% reduction in the RSG settlement over a four year period, he asked whether it was fair to say that the Council had avoided the front loading.

In response Councillor Mitchelson reiterated that, notwithstanding the fact that the Council had successfully identified £3 m in transformational savings, further savings of £2.337 m required to be identified over the next four years. He was therefore highlighting the fact that it was not easy to take such decisions, particularly when people were involved.

Mr Mason added that the £600,000 savings targeted for 2012/13 were currently going through the transformation process.

Mrs Cross commented upon the risk to jobs, and Mr Mason expressed the hope that there would be some redeployment of staff.

Mr Lexa sought details of the current position regarding the Asset Review, including the Council's strategy in relation thereto.

In response, Councillor Mallinson explained that £945,000 had been realised from the disposal of seven surplus assets identified for sale under the first tranche of the Asset Review Disposal Programme, and was available for reinvestment. The Executive was currently giving consideration to land purchases the details of which were commercially sensitive. He advised that Officers had now finished work to bring forward the next tranche of nine properties to the market.

Councillor Mitchelson outlined the criteria taken into account with regard to asset disposal. The Asset Business Plan had been considered by the City Council in January 2011.

Mr Lexa asked to what the "Other Reserves" of £120,322,000 referred (page 16).

Councillor Mallinson replied that the reserves referred to were of a technical nature and were not cash backed. They were not available to fund expenditure or to meet future commitments. He further provided details of valid reasons for the retention of assets by the authority.

Mr Lexa questioned the Council's strategy in relation to the transformation of the services provided. He particularly referred to Shared Services commenting that, in his view, there appeared to be little appetite to share with Carlisle.

Councillor Mallinson acknowledged that some would agree that the Shared Services agenda had not generated the level of excitement initially anticipated. However, some good work had been done in relation to the IT Shared Service which had prepared the Council for the future. Value remained in looking at further opportunities to share services, provided they made economic sense.

Mr Lexa stated that whilst a shared service may be right for Carlisle that may not be the case for its partners.

In response, Councillor Mallinson expressed the hope that if Carlisle entered into a shared service all parties would be treated equally. An analysis should be undertaken to determine who was best placed to act as “host authority”.

Mr Lexa noted that the Budget consultation papers appeared reduced and asked whether that was a reflection of what could be done by the authority.

Councillor Mallinson explained that the Budget had been simplified somewhat this year since the Executive had clearly identified where it needed to be. For example, re-profiling of the Asset Business Plan would include a sum of £15 m being temporarily invested in the money market to generate additional interest to support the revenue budget. He added that if that option was not available, the Executive would require to identify a further £600,000 of savings.

The Executive had taken the view that the economy would pick up in a few years time and were trying to strike a balance.

Mr Lexa asked whether following the fate of the economy as a whole presented a risk to Carlisle i.e. even in times of recession there would be those who thrived. He further questioned what plans were in place to ensure that Carlisle thrived and took advantage of any opportunities which may arise.

In response, Dr Gooding referred to the Council’s five year financial strategy as set out in its Medium Term Financial Plan (MTFP). Current MTFP projections pointed to a shortfall requiring the identification of additional savings and work needed to be done in that regard. On the other hand an element of flexibility did exist, with the Asset Business Plan providing opportunities to invest to ease the pressure.

The Council was optimistic that other opportunities would arise and welcomed the chance to invest in Carlisle’s future.

Dr Gooding added that Mr Mason was very prudent in terms of the financial advice he provided. He was therefore confident that the savings included were deliverable.

Mr Lexa considered that growth was now needed and questioned the Council’s track record in terms of generating growth, and whether specific actions were being taken to attract businesses / jobs to the area.

Councillor Mitchelson replied that Carlisle had “bucked the trend” e.g. in terms of retail. He explained that schemes were in place to help the City and enable regeneration to grow. Scope also existed to work with organisations such as the University to strengthen their base in Carlisle.

Councillor Mitchelson further pointed to the Council priorities of Environment and Economy, commenting that the latter was about growing Carlisle for the future and strengthening the economic position as it worked through recovery. The Executive was confident that such investment could be attracted.

In closing the meeting, Councillor Mitchelson thanked the representatives once again for their interest in the budget consultation exercise.

(The meeting ended at 1.54 pm)