
EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 15 JANUARY 2014

**EX.01/14 BUDGET 2014/15 – CONSIDERATION OF CONSULTATION
FEEDBACK**
(Key Decision – KD.030/13)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Leader reported the submission of the following documents in response to consultation on the Executive's draft Budget proposals:

- (a) Minutes of the budget consultation meeting with the Large Employers Affinity Group - 8 January 2014
- (b) Minutes of the budget consultation meeting with Trade Union representatives - 8 January 2014
- (c) Minutes of the Resources Overview and Scrutiny Panel - 6 January 2014

In response, the Finance, Governance and Resources Portfolio Holder commented upon each in turn:

- (a) The meeting with the Large Employers Affinity Group had been extremely constructive and quite challenging in nature. The City Council and business representatives shared a common agenda, namely to drive Carlisle forward and manage growth. The Executive was keen to continue to work throughout the year with businesses to develop priorities for the City.
- (b) The Trade Unions were aware of the difficult position in which the Council found itself and were supportive of the Executive's budget proposals. The Council recognised that its staff were a very important resource and the Executive was endeavouring to maintain the terms and conditions of the staff, particularly with regard to pensions.
- (c) The Resources Overview and Scrutiny Panel had responded with some extremely useful comments in what were challenging areas for the authority.

The Portfolio Holder thanked the above parties for taking the time to input into the budget process, adding that the Executive had taken account of every comment submitted as part of their budget deliberations.

The Leader endorsed the Portfolio Holder's comments. He added that the above mentioned meetings had been very positive, and had resulted in good and challenging feedback to inform the budget proposals.

Copies of the following documentation received in response to the budget consultation process had also been circulated to the Executive prior to the meeting:

- Comments from members of the public
- Comments from the Liberal Democrat Group
- Petition from The Socialist Party – "Stop The Cuts" (signed by 80 persons) calling upon Carlisle City Council to set a budget to meet the needs of the people of Carlisle, and demand the necessary finance from central government

Mr J G Higginson (petitioner) was in attendance at the meeting.

Mr Higginson began by thanking the Executive for giving him the opportunity to speak in support of the petition, which asked them not to carry out any further cuts in jobs or services, and instead to set a Budget to meet the needs of the people of Carlisle District, in opposition to the orders of central government.

The petition was not from a particular interest group, asking the Council to save a particular local facility or service, possibly at the expense of some other facility or service. The petition asked the Council to stop the process of cutting services generally, year after year, in ways which were increasingly damaging to the community which the Council was supposed to represent – which Members had a duty to represent and to champion.

The petition was organised at short notice by Carlisle Socialist Party, and the signatures were mostly obtained on Saturday 11 January 2014 from people who were passing by their stall in the centre of Carlisle and took the trouble to find out why they were there. They were also collecting signatures on a petition to Cumbria County Council and tried to ensure that the Carlisle petition was only signed by Carlisle District residents, but he was afraid there were a few non-Carlisle signatures on the petition. Discounting them, the Party had collected at least 75 valid signatures from residents of Carlisle District in little more than an hour, and Mr Higginson was sure that they could have obtained many more, given time.

Those people were not an organised pressure group and most of them were not members of the Socialist Party and would not necessarily agree with all their policies. But they were quite clear that they wanted the Council to stop following the orders of a government which nobody elected, on an austerity programme which nobody voted for, and which one of the parties now in government said it was opposed to at the general election. The people who signed the petition said "Enough is Enough – No More Cuts in Jobs or Services".

Because of the way in which Carlisle City Council had presented its proposed Budget, it was not at all clear exactly what amount of cuts were intended in 2014/15 or any subsequent years, nor exactly what services and facilities would be affected and how

many jobs would be lost. But it was clear that the overall level of cuts, nearly £4 million was substantial, and must have damaging effects of the community, especially coming on top of cuts made in previous years.

However, there did not appear to be any acknowledgement in the Executive's so-called budget consultation document of the existing and future effects of those cuts. Instead the tone was smug and self-congratulatory, that they had been so "successful" in carrying out the cuts so far, and they had no doubt that their plans for further cuts would be equally successful. They seemed to be quite happy to play their part in carrying out the government's orders, whatever their local community thought about the cuts.

The Petitioners did not believe that Carlisle City Council, or any other local authority, was responsible for bankrupting the country, so why should the people of Carlisle be made to pay for an economic or financial crisis which was international, and caused by the reckless and irresponsible manner in which those who controlled the nation's economy conducted their business?

Mr Higginson added that you yourselves know who was to blame. Last Friday the local newspaper quoted the opinion of one of Carlisle's most experienced politicians, that "If they (the government) tackled tax loopholes, if they hadn't cut taxes for millionaires, then the cuts wouldn't be necessary." That was said in relation to cuts in the Environment Agency, which threatened the safety of the community – but it applied equally to the cuts in other services, including the ones administered by the Council.

The Executive would say that the cuts they were making were "necessary" because the government insisted they made them, and they had no alternative. He said there was an alternative. There were sufficient resources in the economy not only to avoid those cuts but to reverse them, by investing in jobs and services which people needed, to enable people to be employed and earn a "living wage", instead of having to rely on benefits or sink deeper and deeper into debt – but that alternative could only be achieved by a radical shift in national political and economic policies.

And they believed that as a local Council Members could play a part in bringing that about, by refusing to carry out the orders of the government, by setting a budget to meet the needs of the people of Carlisle, by explaining to them the true causes of the "national deficit", and by assisting them, leading them, to organise against "Austerity".

If local Councils like Carlisle did not fight for the right to make their own decisions and to provide the services which their communities needed then local government ceased to have any meaning.

The petitioners asked the Council to stand up for Carlisle; stand up for local government and democracy, against central government and dictatorship.

The Leader thanked Mr Higginson for his attendance, indicating that he was most welcome to stay for the remainder of the public session should he so wish.

The Finance, Governance and Resources Portfolio Holder also thanked Mr Higginson for his input. Responding to the main points, he indicated that many of the comments and observations were political, rather than financial in nature, and could be resolved at the ballot box.

Setting a balanced budget was a legal requirement and the Executive had taken the advice of the Council's Section 151 Officer with regard to the robustness of the estimates and the adequacy of reserves. His statutory report, prepared in accordance with Section 25 of the Local Government Act 2003, was set out within the consultation document. However, that was not easy bearing in mind that the authority had been subject to an approximate 38% reduction in government grant since the coalition government took power.

The Petitioners were asking the Executive to refuse cuts but that was not possible given the need to ensure proper financial administration of the Council's affairs. The Executive could, however, continue to lobby for the provision of funding.

The Finance, Governance and Resources Portfolio Holder stated, when all was put in context, the Executive was working to the best of their ability to create jobs and to deliver upon the Council's priorities.

Turning to the budget consultation responses received from the public / Liberal Democrat Group, the Finance, Governance and Resources Portfolio Holder stated -

Councillors' Expenses – the Council had a scheme for the payment of expenses pursuant to Section 18 of the Local Government and Housing Act 1989 and the Local Authority (Members' Allowances)(England) Regulations 2003, and Members were paid a basic allowance in accordance with those Regulations. The Executive took the matter seriously and expenditure was not incurred unless required.

Reserves – it was prudent to set a minimum level of reserves and, where possible, revenue reserves should not be used to fund recurring expenditure. For 2014/15 all recurring expenditure had been funded from incoming resources; however reserves had been used to fund non-recurring expenditure thus reducing reserves below the minimum level in 2014/15. The robust savings strategy being progressed ensured that reserves were replenished to above minimum levels in the medium term. The need for prudential borrowing to fund capital schemes was constantly kept under review and was dependent upon the level of other capital receipts and funding received; as always the affordability of any borrowing requirement was a key criteria. The Executive followed Officers' advice on the matter.

Capital Projects – the Executive had not looked at any detailed method of borrowing. The proposed £5m scheme for Leisure Facilities would be an "invest to save" scheme, expected to generate savings of £250,000 per annum. However, any proposal would be subject to further reports to the Executive supported by a full business case and business plan.

Sports Facilities – would be considered as part of the Leisure Facilities proposed project (i.e. out with the budget proposals).

Coach Terminus/Interchange in Rickergate – was a County Council matter. The Executive recognised the benefits of attracting new retail investment into the City Centre, and the need for integrated public transport provisions. However, integration into site specific proposals currently was premature until the completion of the strategic City Centre Master planning / Local Plan exercise and the underlying demand from end users / operators was known.

Civic Centre – it was accepted that the Civic Centre was the most cost effective place to be; and was currently very well maintained and, whilst energy efficiency could always be improved, the current energy efficiency rating was good for a building of that age. The Executive was always looking for opportunities to let space in the Civic Centre and to create revenue.

Members' Allowances – the spend in all areas over the last twelve months was well under budget and the position would continue to be monitored.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved the documentation, indicating that all comments raised in response to the budget consultation process had been taken into consideration by the Executive during their deliberations on the budget.

Consultees would receive a more detailed written response in due course.

The Leader seconded the Portfolio Holder's comments. He was grateful for the time people had taken to respond and for the very helpful feedback provided.

Summary of options rejected None

DECISION

1. That the Minutes of the consultation meetings with the Large Employers Affinity Group and Trade Union representatives, attached as Appendices A and B; and the Extract from the Minutes of the Resources Overview and Scrutiny Panel be received.
2. That the consultation feedback be received, it being noted that the comments had been taken into account by the Executive when formulating its final recommendations for the City Council's 2014/15 Budget to be submitted later in the meeting.
3. That the Executive had given consideration to the Petition and representations made by Mr Higginson on behalf of the petitioners; which would also be taken into account as part of their budget deliberations.

Reasons for Decision

To take into account consultation feedback when formulating recommendations on the 2014/15 Budget

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 15 JANUARY 2014

**EX.02/14 **BUDGET 2014/15 – REVENUE ESTIMATES – SUMMARY OF
OVERALL BUDGETARY POSITION 2014/15 TO 2018/19**
(Key Decision – KD.030/13)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny
Procedure Rules, The Mayor had agreed that call-in procedures should
not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

Pursuant to Minute EX.151/13, the Finance, Governance and Resources Portfolio Holder submitted report RD.69/13 providing an update on the Council's revenue budget position for 2014/15 to 2018/19. He informed Members that the report had been amended to mirror the Executive's draft Budget Proposals which were issued for consultation purposes on 16 December 2013, and updated to take account of any further known changes since that date. He then outlined the changes for the benefit of Members.

The Finance, Governance and Resources Portfolio Holder summarised the General Fund Budget Projections for 2013/14 revised to 2018/19. He added that the potential budget shortfall was the projected position that would occur only if all of the new Savings and Spending Pressures were accepted. He further detailed the projected impact on the Council's revenue balances.

It terms of the medium term outlook and budget discipline, it was recognised that the current budget projections for the next five year period were challenging and indicated that substantial savings would be required to enable the Council to contain its ongoing commitments within available resources.

Members further noted that some information particularly on Government Grant allocations remained outstanding and, depending upon the timing of any announcements, the final figures within the Executive's budget proposals would be revised for presentation to Council on 4 February 2014.

The Finance, Governance and Resources Portfolio Holder then moved the recommendations, which were duly seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

1. Noted the draft updated budget projections for 2013/14 to 2018/19, together with the potential use of balances and reserves, in order to recommend a budget to Council on 4 February 2014.
2. Approved for recommendation to Council the continuation of the Local Support for Council Tax Scheme for 2014/15, as outlined in paragraph 3.2 of Report RD.69/13.

Reasons for Decision

To prepare a draft budget proposal for 2014/15 for recommendation to the City Council

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 15 JANUARY 2014

**EX.03/14 **BUDGET 2014/15 – PROVISIONAL CAPITAL PROGRAMME 2014/15
TO 2018/19**
(Key Decision – KD.030/13)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny
Procedure Rules, The Mayor had agreed that call-in procedures should
not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

Pursuant to Minute EX.152/13, the Finance, Governance and Resources Portfolio Holder submitted report RD.70/13 on the Council's Capital Programme for 2014/15 - 2018/19. He informed Members that the report had been updated to reflect the Executive's budget proposals together with any other known changes. The report detailed the revised capital programme for 2013/14 and proposed capital programme for 2014/15 to 2018/19, together with the proposed methods of financing.

The Finance, Governance and Resources Portfolio Holder added that the report summarised the implications of the changes on the proposed programme for 2014/15 to 2018/19 in light of the capital pressures identified; together with the capital resources available to fund the programme.

In conclusion, the Finance, Governance and Resources Portfolio Holder moved the recommendations which were seconded by the Leader.

Summary of options rejected None

DECISION

That the Executive:

1. Agreed the Provisional Capital Programme for 2014/15 to 2018/19 in the light of the capital bids submitted to date, together with the estimated available capital resources, for recommendation to Council on 4 February 2014 and approved carry forwards of £710,000 from 2013/14 into 2014/15.

2. Recommended to the City Council 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 by the Executive, following detailed consideration by the Corporate Programme Board.

Reasons for Decision

To prepare a draft Budget proposal for 2014/15 for recommendation to the City Council

EXCERPT FROM THE MINUTES OF THE EXECUTIVE HELD ON 15 JANUARY 2014

**EX.06/14 **EXECUTIVE RESPONSE TO THE BUDGET CONSULTATION AND
RECOMMENDATIONS FOR THE 2014/15 BUDGET**
(Key Decision – KD.030/13)

(In accordance with Paragraph 15(i) of the Overview and Scrutiny Procedure Rules, The Mayor had agreed that call-in procedures should not be applied to this item)

Portfolio Finance, Governance and Resources

Relevant Overview and Scrutiny Panel Resources

Subject Matter

The Finance, Governance and Resources Portfolio Holder referred to the Executive's Budget proposals for 2014/15, copies of which were tabled at the meeting.

The Finance, Governance and Resources Portfolio Holder informed the meeting that preparation of the budget was an ongoing process, the main issues being as detailed within Reports RD.69/13, RD.70/13 and RD.71/13 considered earlier in the meeting. Although the Executive constantly monitored the position there were certain pressures which they could not dictate, for example income from car parking.

The Portfolio Holder emphasised that the Council was obliged to ensure proper financial administration of its affairs, i.e. to table a balanced budget. The Council was facing many financial challenges over the next five year planning period, some of the main issues relating to:

- Government Finance Settlement – RSG and NNDR
- The impact of the Welfare Reform Act
- Revaluation of the Pension Fund
- Transformation

The following had been included in the Executive's budget proposals as a result of announcements by Government regarding Council funding and as a result of consultation responses received:

- Draft RSG figures now included that showed decrease in RSG from 2015/16 to fund New Homes Bonus
- New Homes Bonus Allocations for 2014/15 of £269,000 and 2015/16 of £269,000 included

- Small Scale Community Projects included as £40,000 for 2014/15 as requested in the consultation process by Members of the Resources Overview and Scrutiny Panel
- Finalised Taxbase figures included with small increase in Council Tax yield as a result
- Appropriation to Transformation Reserve of £600,000 for transformational costs
- Reduction in Business Rate Pooling estimate from £600,000 to £500,000 due to some minor changes to new reliefs and discounts.

The following were still outstanding and currently still estimated in the Budget Proposals:

- Council Tax surplus still to be calculated as at 15 January 2014
- Parish Precepts still outstanding for some parishes as at 15 January 2014

The position in terms of budget reductions had not changed. In terms of Treasury Management, investment returns were likely to remain relatively low during 2014/15 and beyond making it more difficult to produce a balanced budget.

The Finance, Governance and Resources Portfolio Holder reiterated that the Executive was keen to work with partners and to do what it could on issues including the use of asset review income; building of rented accommodation; and the creation of jobs. He added that car parking charges had been frozen for the third year running, the aim of which was to assist businesses.

The Portfolio Holder also reinforced his previous statement that any capital scheme for which funding had been approved by Council would only proceed after a full report, including business case and financial appraisal, had been approved by the Executive.

The Portfolio Holder expressed grateful thanks to Executive Members, Officers and all those who had contributed to the budget process.

Although the current economic climate was difficult, the Executive had an ambitious programme for the City and would endeavour to manage cuts and lobby for changes to create new revenue streams.

In conclusion, the Finance, Governance and Resources Portfolio Holder looked forward to presenting the Budget proposals to Council on 4 February 2014.

In seconding the recommendation, the Leader indicated that the Local Government Association had highlighted the fact that people were all living in unprecedented times. He commended Officers for their excellent work during what was a very challenging period, adding that the Executive was committed to driving forward growth.

Summary of options rejected A number of options which had been considered as part of the Council's 2014/15 budget deliberations as identified in various reports

DECISION

That the Executive Budget Proposals for 2014/15, attached as Appendix C, be forwarded to the City Council for approval on 4 February 2014.

Reasons for Decision

To produce the Executive's budget proposals for 2014/15 for recommendation to the City Council