

Notes of a Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Wednesday 2 February 2011 at 10.00am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Florence Anderson	-	Deputy Leader of the Council
Councillor Dave Allan	-	Resources Portfolio Holder
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director of Commercial and Corporate Services

Chamber of Commerce Representatives

Jonathan Walker
Dave Crompton

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and asked Malcolm Page, Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's budget for 2011/2012.

The Executive Director of Commercial and Corporate Services advised that following the emergency budget in June 2010, the Council had begun planning for the future in the context of estimated 10% year on year reductions over 4 years, totalling £80m. This budget planning framework was not just aimed at addressing the necessary budget reductions but was also linked to the strategic development of the authority.

The Local Government settlement was received on 31 January 2011 and the key issues for Sunderland were identified as:-

- front loading of cuts;
- dismantling of grants including £35.856m of Area Based Grants, the end of Working neighbourhoods Fund and Children's Services Grants totalling £14,638m, £20,686m being transferred into formula or core grants and then reduced;
- schools funding surprises including £8m reduction in resources, pupil premium additional funding negated by Area Based Grants reduction and 27% reduction in Early Intervention Grant;

- the settlement was only for two years and there was uncertainty around years three and four and particularly the formula review.

The Executive Director stated that although the Council had planned for potential cuts, additional work had been required in order to respond to the frontloading of these into years one and two and the impact of changes to specific grants. He also described how the Business Transformation Programme was designed to streamline the Council's support services and create efficiencies through that process. However, the following areas had been identified for continuing investment:-

- Reinvestment in Adult Social Care solutions;
- Economic Development;
- City Centre Regeneration;
- Highways Maintenance;
- Invest to Save – Improvement Agenda.

Finally, the timetable and next steps for the budget were outlined.

The Leader of the Council stated that the situation was difficult but had to be managed in the best way possible. He emphasised that the Council was committed to looking after the most vulnerable people in the City and protecting jobs as much as possible. The Leader then invited views and comments from the Chamber of Commerce representatives.

Jonathan Walker noted the Council had stated it would not make mass redundancies and asked how achievable this would be in relation to current workforce costs and levels of natural wastage.

The Leader confirmed that the Council was committed to avoiding compulsory redundancies as much as possible and that it recognised the need to value its staff. However, at the end of the Business Transformation process, the Council workforce would be much reduced. Rates of movement of staff had dropped but the natural 'churn' was still there.

The Chief Executive advised that there were approximately 20 different measures running which were intended to support natural wastage. Schemes were running around helping employees who want to set up their own business, early retirement options, reducing working hours and buying more annual leave. Through these initiatives it was intended to reduce the staff head count over a period of time. He also reported that the resources required to operate these schemes would be one third of the cost of a mass redundancy programme and although it is a higher risk strategy, initial indications were positive. A clearer picture would emerge after the first two quarters of the new financial year.

Dave Crompton commented on the transparency of the Authority's plans to generate efficiencies and congratulated the leadership on this. He felt there was a big element of support from local people on this. He highlighted that as part of his work, he carried out surveys with local businesses which found that 50% felt they were struggling. He wanted to emphasise to the Council the knock on effect local authority spending restrictions would have on traders in Sunderland.

The Leader agreed and emphasised that businesses themselves rather than premises should be targeted for help from the council.

Councillor Allan made reference to the 'Buy Sunderland First' campaign to promote local businesses and that the city had been ahead of the game in this respect. The Chief Executive added that 'Buy Sunderland First' had been running for a year for Council procurements of less than £75,000 and now 60% of those contracts had been awarded to local businesses. Of these local contractors, 40% were new to doing business with the Council.

The City Centre Quick Wins Project would continue to improve and the closer the Council worked with local businesses, the bigger the impact. It has been recognised that big events taking place during the year are not always made the most of by local businesses. It was hoped this could be developed this year and it was highlighted that NECC were doing work around the concerts taking place in the summer so that business could achieve maximum benefits.

Dave Crompton highlighted that the message on advertising events was getting through and progress was being made on establishing a Sunderland Trade Association. He noted that larger companies were getting their act together and dealing with the tough economic conditions but smaller companies needed to be supported in upskilling their workforce to work through the recession.

Jonathan Walker queried how making savings on procurement through aggregation would impact on local businesses. The Chief Executive acknowledged that this would have to be a balance between the need to make savings against investing in the local economy. Efforts were being made to encourage small businesses to work together to bid for contracts. The Leader agreed that the point raised was valid and needed to be borne in mind during the procurement process. He highlighted that the possibility of including clauses in larger contracts to source sub-contractors and materials locally was being explored.

The Executive Director of Commercial and Corporate Services commented that the buying power of the Council was such that it should be able to strike the right balance between saving money and supporting local business.

Dave Crompton also drew attention to the complicated nature of bidding for tenders through the North East Purchasing Organisation (NEPO) and the difficulties in finding out which smaller contracts were available. He suggested that notifications could be sent to a database of local traders when contracts were due to go out to tender.

Councillor Allan replied that NEPO was changing and was trying to be more user friendly for businesses. He also commented that a database of businesses had been established as part of Buy Sunderland First and the possibility of sending alerts would be looked into.

Dave Crompton also stated that the fledging Trade Association would promote partnerships between smaller businesses so they could bid for contracts together.

Jonathan Walker added that NECC would be happy to use their network to help establish bidding partnerships.

It was queried if the Council had explored ways in which to raise more revenue and the Leader responded that although the Council wanted to maximise potential revenue sources, it would be unfair to ask people to contribute to the deficit in this way. A balanced view would be taken. The Council would consider providing services which would be unique and not competitive with local businesses but could generate revenue under the power of 'General Competence'. Through the establishment of the new Commercial and Corporate Services Directorate, the Council would over time be taking a more commercial approach to aspects of its operations.

With regard to the Council's assets, the Executive Director of Commercial and Corporate Services advised that in the past, the asset base had been under-used and this was being addressed. In response to a question about the impact of the spending cuts on the Capital Programme, it was explained that spending commitments from the previous year would be carried forward. Some programmes would be smaller than in the past but the Council would aim to be creative and innovative in order to unlock investment in a different way.

The Leader thanked the Chamber's representatives for their attendance and for their comments which would be taken into consideration by the Cabinet. The Leader then closed the meeting.

Notes of a Budget Consultation meeting between representatives of the Council and the Trade Unions held at Sunderland Civic Centre on Wednesday 2 February 2011 at 11.00am

Present:-

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Florence Anderson	-	Deputy Leader of the Council
Councillor Dave Allan	-	Resources Portfolio Holder
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sue Stanhope	-	Director of Human Resources and Organisational Development

Trade Union Representatives

Alyson Bryan	-	GMB
Paul Owens	-	GMB
Helen Finkill	-	UNISON
Howard Brown	-	NUT
Bryan Wilson	-	NASUWT
Nancy Wakeham	-	NASUWT
Gillian Mitchell	-	NAHT
Kay Charlton	-	UNITE

The Leader of the Council welcomed representatives from the Trade Unions and asked Malcolm Page, Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's budget for 2011/2012.

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The Executive Director stated that although the Council had planned for potential cuts, additional work had been required in order to respond to the frontloading of these into years one and two and the impact of changes to specific grants. He also described how the Business Transformation Programme was designed to streamline the Council's support services and create efficiencies through that process. However, the following areas had been identified for continuing investment:-

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The Leader of the Council stated that the situation was difficult but had to be managed in the best way possible. He emphasised that the Council was committed to looking after the most vulnerable people in the City and protecting jobs as much as possible. The Leader then invited views and comments from the Trade Unions representatives.

Gillian Mitchell expressed concerns about the potential loss of frontline services and was interested to know the Council's priorities around education, children's centres and early years.

The Leader of the Council stated that from a policy point of view, the importance of early years was paramount. The Children's Centres had been targeted at deprived areas initially and then had become universal. Whereas everything would be done to protect services, rationalisation of services could not be ruled out. Levels of deprivation would be considered and it was understood that Children's Centres did provide essential services for hard to reach and vulnerable groups.

The Director of Human Resources and Organisational Development gave a brief description of the Council's operating model established through the Sunderland Way of Working (SWOW). Staffing proposals had been considered in December and January to make the Strategic and Shared Services (SSS) element of the Council more efficient. The gross project savings for 2011-2013 were outlined. It was highlighted that Government had only given figures for years one and two and therefore any further savings up till 2015 were indicative and subject to change.

In response to a query from Howard Brown, it was explained that within SSS, the savings made would be mainly salaries. ICT and Customer Services would

generate efficiencies through rationalisation in the main but would also achieve savings from salaries.

With regard to the Service Reviews, the Chief Executive advised that these were reviews within individual directorates and the second phase would start in the new financial year, but the scope had not been fully defined as yet. Alyson Bryan enquired if the Council could give an indication of the areas which might be part of the review.

The Chief Executive agreed that the thinking on this could be shared, but the Unions would have to be aware that the final scope may well be different.

Gillian Mitchell commented that Sunderland had always managed its budgets very well in the past but was concerned that some expertise may be lost through the transformation process and the quality of support would not be maintained.

The Leader re-iterated the Council's commitment to vulnerable children and adults and to protecting jobs. It was hoped that working smarter would generate efficiencies and protect services. Where quality had to be ensured, the Council would do all in its power to ensure that it was achieved.

The Chief Executive described how the Business Transformation Programme sought to maximise the unique contribution of individuals within the authority. It recognised that those with professional skills should be freed up to do those things which only they could do, rather than answering calls or dealing with straightforward queries. These sort of changes would not be applied without intelligence or without involving employees directly in the service review. He acknowledged that not everything would be perfect, but as long as the Council adjusted and learned from experience, it would continue to move in the right direction.

In considering how the Council could increase its revenue streams, Howard Brown queried if it was possible to raise money by selling equipment which would ordinarily be scrapped. He suggested that the Authority could think outside the box on this issue.

The Leader stated that the Government were intending to bring in a 'Power of General Competency' which would give local authorities more flexibility on a range of issues and the Executive Director of Commercial and Corporate Services advised that he would look into the specific issues raised.

Helen Finkill asked if figures were available on the savings already made through the SWOW. The Executive Director of Commercial and Corporate Services stated that the information could be made available although it was still emerging in some areas, and the Leader added that the general principle would be to take this to the relevant Joint Consultative Forum or the Joint Consultative Committee.

The Leader thanked the Trade Union representatives for their comments and informed them that they would be taken into consideration by the Cabinet. He also thanked those present for their attendance and their support of the Council.