

Notes of a Budget Consultation meeting between representatives of the Council and the Chamber of Commerce held at Sunderland Civic Centre on Monday 6 February 2012 at 11.00am

Present:

Council Representatives

Councillor Paul Watson	-	Leader of the Council
Councillor Henry Trueman	-	Deputy Leader of the Council
Councillor Mel Speding	-	Cabinet Secretary
Dave Smith	-	Chief Executive
Malcolm Page	-	Executive Director, Commercial and Corporate Services
Sue Stanhope	-	Director of Human Resources and Organisational Development

Chamber of Commerce Representatives

Jonathan Walker	-	NECC
Hirohito Imakoji	-	Liebherr Sunderland Works Ltd
Trevor Hines	-	Station Taxis (Sunderland) Ltd
Stuart Birkett	-	Northeast Press Ltd
Masoud Farrahi	-	Angelo's Restaurant
Hossein Farrahi	-	Luciano's Restaurant
Kevin Leonard	-	Rentokil Specialist Hygiene
Paul Sinclair	-	Svenska Handelsbanken
Reverend Stephen Hazlett	-	Sunderland Minster

The Leader of the Council welcomed representatives from the North East Chamber of Commerce and made reference to the changes which the Council had gone through in recent years and that it had a reputation of excellent financial stewardship which had been borne out by the District Auditor in his Annual Audit Letter. He asked Malcolm Page, the Executive Director of Commercial and Corporate Services to outline the current position with regard to the Council's revenue budget for 2012/2013 and the outlook for future years.

The Executive Director of Commercial and Corporate Services advised that the Council was working within the national context of the Government's priorities of growth strategy, social policy and public sector reform. He described the key funding issues as: -

- Local Government Resource Review – Sunderland is a net recipient of £58m per annum;
- Council Tax Benefit payments reduced by 10% - £2.7m;
- Health funding and Public Health Transfer;

- Schools funding;
- Significant risk transfer from Central to Local Government;
- Significant compound impact over the period;
- 2013/2014 key year; and
- Funding reductions post 2012/2013 longer and deeper.

The Executive Director went on to outline the medium term plan for 2011/2012 to 2014/2015 and the expected local impact spending pressures for the next three financial years. He explained that the Council continued to adopt a strategic approach through the Sunderland Way of Working which aimed to improve services and outcomes while reducing costs and delivering efficiencies. The approach also had to be consistent with the Council's Values and Principles and at the same time maintain the authority's financial resilience.

The Executive Director presented the savings proposals broken down by directorate and advised that it was anticipated that over 60% of savings would be generated from non-frontline functions. He outlined the key financial planning issues moving forward and highlighted that there was a particular focus on April 2013 as this was when some major changes would take effect.

Finally, the timetable and next steps for the budget were outlined and it was noted that final feedback on proposals would be reported to the Cabinet in February and then to full Council in March.

The Leader of the Council invited views and comments from the Chamber of Commerce representatives.

Paul Sinclair asked if there was any detail which could be given about the focus of Capital Programme for 2012/2013 and how this would be related to the Economic Masterplan.

The Executive Director of Commercial and Corporate Services confirmed that the Council was seeing a reduction in its capital capability but it could borrow sensibly and produce a robust programme which would show a vote of confidence in the city moving forward. The Capital Programme would be aligned to the Economic Masterplan and would also signal the Council's intention to continue to invest in its economic priorities. It would also involve a more commercial approach to lever in private sector investment alongside council resources over time.

The Chief Executive stated that the main focus of the programme would be on things which could stimulate economic development for the city. The Leader added that, despite the Economic Masterplan being produced prior to the economic downturn, its priorities had not changed. The Council was committed to ensuring that the city could be prosperous and self reliant and hoped that its investment would help to lever in funding from other sources. The Enterprise Zone status of the A19 corridor, for example, would also bring additional investment and new business.

The Leader reflected on the evolution of Sunderland's industry and how it had diversified into advanced manufacturing, call centres and Software City. It had to be determined how the city would move forward and what Sunderland's place would be in the region and in the country as a whole. The Council was doing its best but would not rest on its laurels and would have to do more.

Stuart Birkett asked if the priorities in the Capital Programme were weighted towards the city centre and the Executive Director responded that the Capital Programme tried to strike a balance but it would continue to ensure that there were strong investments in the city centre, which included the Vaux site.

The Leader commented that Sunderland lacked a commercial district and this was needed in order to make the city relevant in the years to come. Increasingly, cities were more about what they do, their events and staging and how they displayed their attitude and behaviour to the rest of the world.

Reverend Hazlett agreed with the Leader's statement and compared Sunderland to other cities which, when faced with the economic downturn, had gone back to their history. He acknowledged that the Port was a key priority and things were moving on in that respect but felt there was huge potential in the riverside area if access to it could be improved.

Sunderland was in an unusual position in having both a river and coastline but unfortunately due to geography, the river was difficult to access. However, the Leader stated that activities on the riverside were being developed.

Jonathan Walker noted that the Council had previously tried to avoid compulsory redundancies and queried if this would be the case this year. The Executive Director of Commercial and Corporate Services stated that the Council continued to have a commitment to no mass redundancies. 2011/2012 had been the first full year of this approach and the Council was broadly on target. The workforce had reduced through staff turnover, the Be Your Own Boss initiative and voluntary early retirements. The Director of Human Resources and Organisational Development advised that staff turnover was running at 3.5% and 700 posts had been removed from the organisation.

The Chief Executive added that this approach had a number of advantages and that a managed reduction meant that continuity of service was sustained and the Council did not carry huge costs for redundancies.

He went on to outline that, apart from the commitment to physical regeneration in the city, the Council was also committed to events within the city. This included the Airshow, the concerts at the Stadium of Light and the Sunderland Marathon. It was hoped that there would be further events announced over the next 12-24 months and that the Council worked in partnership with event organisers to ensure that the benefits were felt by businesses across the city.

Through the recent bid for the Green Investment Bank, the Council wanted to show that the city was a credible location and was committed to the programme. The Council was continuing to develop its Inward Investment and Marketing Strategy and would be offering businesses the chance to be involved in the marketing for foreign investment once the strategy was launched in the Spring. The work on the strategy had been done with the support of the Economic Leadership Board and those less tangible investments were just as vital as the Capital Programme.

The Leader thanked those present for their attendance and their comments which would be taken into consideration by the Cabinet. He stated that the Council was always receptive to comments from the Chamber of Commerce and valued the support it offered. The Leader then closed the meeting.