

MINUTES OF BUDGET WORKING GROUP HELD 15 SEPTEMBER 2009

Present: Cllrs: Thompson, Sherras, Hirst, Knox, Chief Executive, Director of Resources, Financial Services Manager

1 Apologies

- 1.1 Cllr Ranson and Cllr T Hill

2 Minutes of previous meeting held on 5 August 2009

- 2.1 The DOR highlighted minutes 5.3 and 5.4 of the last meeting, where a request was made for a full analysis of the costs at the Ribblesdale Pool and Longridge Sports Centre/Gym. It was explained that this work was ongoing, and the findings would be reported to the next meeting.
- 2.2 Councillor Sherras questioned the background to the redundancy costs at the Longridge Sports Centre. It was explained that the redeployment policy had recently been reviewed. Cllr Sherras asked if it could be ensured that the revised policy was sent to Personnel Committee.
- 2.3 The minutes were accepted as a correct record of the meetings

3 Transferring Concessionary Travel from Districts to Counties

- 3.1 The DOR explained to members the work of the Settlement Working Group (SWG) regarding the transfer of Concessionary Travel from districts to counties, examining the effect any such transfer would have on the council's formula grant.
- 3.2 The Department for Transport had undertaken a survey of Travel Concession authorities on possible changes to the administration of concessionary travel. From over 200 responses there was a clear consensus that administration of the Statutory Concession by the higher tier (County) would be most favourable. There was a more mixed view with regard to administration of the Discretionary Concessions.
- 3.3 The DOR explained that there may be possible issues for the council with regard to how funding may be transferred from districts to counties if such proposals were to go ahead.
- 3.4 Two options had been illustrated by the Settlement Working Group; however, they had qualified the options by stating that it was unlikely that either option would be adopted in practice. These options involved the distribution of the Environmental, Protective and Cultural Services (EPCS) element of the Relative Needs Formula (RNF) Grant.
- 3.5 Both of the options illustrated resulted in a reduction in formula grant of £725,000 for this council. The council's outturn cost for 2008/09 on concessionary travel was £458,000. If there was a transfer to county level and the illustrated options for transferring RNF were to be adopted this would result in a net reduction in grant of £267,000 (£725,000 grant less £458,000 costs) for this council. The DOR went on to say it was unclear in these illustrations what would happen to the specific grant for

concessionary travel (£158,000). Taking this further reduction into account would make the position considerably worse.

- 3.6 The DOR emphasised that the two options were for illustrative purposes only, and that the Settlement Working Group had stated that it was unlikely that the options would be adopted in practice. However, it was still unclear how and funding shift would be calculated, and it was unlikely to be cost neutral.

4 **Additional Item – Budget Monitoring to August 2009**

- 4.1 Budget monitoring for the period April to August 2009 was reviewed by members. Cllr Sherras questioned the downturn in income from land charges. The DOR explained that in part this reflected the downturn in the economic climate, but was also a reflection of the increasing private companies that can now carry out these searches. The Chief Executive highlighted to members the current legal challenge to the Information Commissioner's Office (ICO) guidance with regard to potential free provision of environmental information and its possible impact on future income.
- 4.2 Reduced income from planning fees was discussed and it was explained that one substantial housing development could change the financial position.
- 4.3 The DOR drew member's attention to the additional grant that had been requested with regard to housing benefit and council tax benefit, and how this was a reflection of the current economic climate and had resulted in an increased workload for the section.
- 4.4 The considerable increase in electricity charges at the Ribblesdale Pool following a change in electricity meter was discussed. The DOR explained that there had been an exercise to verify whether the increase in charges was correct by visiting a number of other local swimming pools and assessing their electrical usage. This exercise had confirmed that the increased charge was very likely to be correct and that the council had probably been substantially undercharged for an extensive period of time.
- 4.5 The Chief Executive explained that staff were now looking at methods of reducing the electric usage at the pool. BWG requested that CMT discuss the issue and look at the possibility of appointing consultants to review the situation.
- 4.6 The DOR informed members of the large overspend at the Longridge Sports Centre and Gym. It was highlighted that a number of these overspends were one off items and were some of the residual costs from the termination of arrangements at the Sports Centre. Cllr Thompson questioned the charge for the dual use agreement and whether this should have been passed for payment. It was explained that the Community Development Manager and Leisure Facilities Manager had reviewed the invoice and approved it for payment.
- 4.7 Members requested that a report be brought to the next budget working group on the Longridge Sports Centre/Gym along with the previously requested report on the Ribblesdale Pool.
- 4.8 The DOR explained that the fall in interest rates was likely to result in an under achievement on investment income of approximately £111,000, even though the estimate had been significantly reduced from that of previous years.
- 4.9 The pay award had resulted in a settlement 1% lower than that allowed for within the budget and would result in a saving of approximately £64,000 for the year. The DOR explained that this would be removed from estimates when the budget is revised.

- 4.10 The DOR highlighted that if the current trends continued, the council was likely to experience a net shortfall totalling £270,550 for the year for the items discussed.

5 Budget Forecast 2010/11 to 2012/13

- 5.1 The DOR provided members with details of the existing forecast for the period 2009/12 and its effect on general fund balances. The DOR then presented a latest forecast for the three years 2010/13, explaining the assumptions that had been made in its preparation, which included the forecast increase in 2009/10 expenditure.
- 5.2 The low level of net increase in expenditure between 2009/10 and that forecast for 2010/11 was due to the formula grant being due to rise (if the three year agreement is honoured) by approximately 3½%, whilst the net budget requirement was forecast to rise by almost 2%.
- 5.3 The forecast showed increases in council tax of 0% (for indicative purposes based upon the current economic climate) and a 2½% increase for 2011/12 and 2012/13. A collection fund deficit had also been allowed for in the period based on current deficits experienced by districts. The DOR also reported to members that the current indications are that there would be a slight drop in the council taxbase particular due to a shift to a higher number of exemptions.
- 5.4 The DOR pointed out that the forecast did not include any adjustments for the transfer of concessionary travel from districts to counties and any potential impact on Relative Needs Formula (RNF) Grant which would come in to effect in 2011/12.
- 5.5 Councillor Knox stated that it would be wrong to disallow any additional items to the budget, but moreover that the negating effect of growth and savings together can allow for the development of services.
- 5.6 The budget working group recommended to Policy and Finance Committee that a prudent approach should be taken by all Committees in the production of the estimates for the coming years.

6 Budget Timetable

- 6.1 The DOR provided members with details of the proposed budget timetable. It was explained that at the current time the service plan timetable was not available and therefore it was not possible at the current time to integrate the service planning process with the budget timetable.
- 6.2 Members were informed that the timetable would evolve as the budget process progressed and that members would be informed on a regular basis on the progress being made. The DOR stated that as with past years it would be expected that the regularity of the BWG meetings would become more frequent over the coming months.

7 TUPE transfer to Ribble Valley Homes – Unfunded Pension Liabilities

- 7.1 Members discussed the report with regard to the funding deficit on the council's pension fund as a result of the staff that had been TUPE transferred to Ribble Valley Homes Ltd.

- 7.2 The DOR explained that the estimate of the deficit of £400,000 that was currently available to the council was based on estimates dating back to May 2007 and that if the council were to request an updated estimate this would cost in the region of £1,000.
- 7.3 It was explained that if a single payment to clear the deficit was not paid in to the fund prior to 31 March 2010 the deficit would be recovered when the council's employer pension contribution rate was calculated when the next fund valuation is carried out in April 2010. Any contribution made after this date would still be shown against this council in the pension fund but would not then be used in the calculation of its employer pension contribution rate until the next time the fund actuaries carried out their review.
- 7.4 Members recommended that an up to date valuation be requested from the actuaries, Mercer Limited at a cost of approximately £1,000. Members stated that the outcomes of the budget process would be helpful in forming any decision on the action to be taken in the longer term.

8 Any Other Business

- 8.1 There were no other items raised.

9 Date and Time of Next Meeting

- 9.1 Date and time of next meeting to be arranged

The next meeting has now been arranged for Tuesday 13 October 2009 at 4.30pm in Committee Room 1.