

MINUTES OF BUDGET WORKING GROUP MEETING HELD 21 JULY 2010

1.1 Present: Cllrs: Ranson, Thompson, Sherras, T Hill, S Sutcliffe (*substitute for Cllr Knox*), Chief Executive, Director of Resources, Financial Services Manager

1 Apologies

1.2 Cllrs: Rogerson, Hirst, Knox

2 Minutes of previous meeting held on 23 June 2010

2.1 The minutes were accepted as a correct record of the meetings.

3 Revenue Budget Forecast updated 2010/13

3.1 The DoR presented an updated revenue budget forecast to members for the period 2010/13. Members were taken through the previous forecast of 1 February 2010 and the line showing the 'Reductions in Expenditure Required' within the forecast was highlighted. The DoR also referred to the sustainability of the use of general fund balances and the items that were not included within that forecast.

3.2 Members were then taken through the changes that had been effected since the previous forecast and how they had an impact on the latest forecast position, with particular reference to:

- Public sector Pay
- National Insurance
- Local Government Grant Funding
- Council Tax

3.3 The DoR presented 4 forecasts based on different amounts of grant reduction over a 4 year period, due to the uncertainty that surrounded the level of formula grant at this point in time:

- **25%** reduction in Formula Grant (**real terms**) over a 4 year period (*6.25% reduction in year 1 then freeze for remaining 3 years*)
- **25%** reduction in Formula Grant (**cash terms**) over a 4 year period (*6.25% reduction in grant each year for 4 years*)
- **40%** reduction in Formula Grant (**real terms**) over a 4 year period (*10% reduction in year 1 then freeze for remaining 3 years*)
- **40%** reduction in Formula Grant (**cash terms**) over a 4 year period (*10% reduction in grant each year for 4 years*)

3.4 The key assumptions that had been made in putting together the forecast were then outlined to members.

3.5 In light of the four scenarios, Cllr Ranson questioned how much savings may be the most likely needed for 2011/12. The DoR again highlighted the uncertainty at this point in time, but estimated that the likely savings needed may be £370,000. However, the forecasts were prepared on the side of prudence and did not include an allowance for the mooted 2.5% compensation to councils who freeze council tax levels. The forecasts also assumed the use of £200,000 from general fund balances.

- 3.6 The CE mentioned to members that due to the level of savings that were required within the forecasts that had been put forward, it was likely that members would need to face some difficult decisions on which services to continue, as talking a 'blanket savings' approach would likely impact on service quality.
- 3.7 As a result the CE stated the need for mandatory and non-mandatory services to be considered, with a view to members identifying an approach to be taken on future service provision.

4 Overall Capital Monitoring 2010/11

- 4.1 The DOR updated members on progress on the capital programme for the first quarter of the 2010/11 financial year. Members were reminded that there had been 19 schemes with slippage into 2010/11 and the impact that this could have on the capital programme.
- 4.2 Members were taken through the resources that were available to the council within the financial year to fund the capital programme and the uncertainty that surround some budgeted resources such as capital receipts.
- 4.3 Cllr Ranson enquired about the progress that had been made with regard to the loan to Roefield. The DoR explained that the repayments had been calculated, but that the operating agreement was currently being put together by the Community Development Manager. The council's Legal Officer was also working on the legal agreement for the loan.
- 4.4 Members commented on certain items of slippage which had continually been carried forward for a number of years and the potential impact on the community where schemes that had been put forward as urgent had not yet been undertaken.

5 Restructuring

- 5.1 The CE presented a report showing 3 options for restructuring the council's senior management. The preferred option would result in a reduction in the size of CMT and the number of service managers. This could be brought about by reallocating functions and duties over a structure of three directorates.
- 5.2 The CE outlined how this would be achieved. Members commented on what was suggested and asked a number of detailed questions regarding the siting of particular functions in certain departments.
- 5.3 Members supported the preferred option and it was agreed that the CE would bring a more detailed report to the next BWG meeting in August 2010.

6 Actuals Book 2009/10

- 6.1 Following a request by members at the previous meeting and following the completion of the unaudited Statement of Accounts, an Actuals Book for 2009/10 was circulated to members.
- 6.2 Members were briefly taken through the different sections of the book and a number of questions were asked around some of the information that was provided within. Due to the level of detail within the book and rather than reviewing the document at the meeting, it was agreed that members would take away the book and raise any questions they may have directly with the FSM or the DoR.

7 Any Other Business

- 7.1 The CE mentioned to members that due to the cuts that were having to be made at Blackburn with Darwen Council, an opportunity to fund a number of PCSOs was available to the council. If funding was provided by Ribble Valley towards these posts, it had been assured that they would be placed within the Ribble Valley. There was no interest in the proposition from members.

8 Date and Time of Next Meeting

- 8.1 Date and time of next meeting was agreed as 25 August 2010 4.00pm in Committee Room 1.

MINUTES OF BUDGET WORKING GROUP HELD 23 JUNE 2010

Present: Cllrs: Ranson, Thompson, Sherras, Knox, Hirst, T Hill, Chief Executive, Director of Resources, Director of Community Services, Director of Development, Financial Services Manager

1 Apologies

1.1 Cllr Rogerson

2 Minutes of previous meeting held on 19 May 2010

2.1 The minutes were accepted as a correct record of the meeting

3 Revenue Outturn 2009/10

3.1 The DoR took members through the Revenue Outturn for 2009/10. It was highlighted that there was still potential for the final outturn position to change as the Statement of Accounts had not yet been approved by the Accounts and Audit Committee

3.2 Some of the accounting entries that are required, but which would be excluded from the committee outturn reports in order to give better clarity were also highlighted.

3.3 The changes to the budget at Revised Estimate were outlined and the DoR went through some of the major variations that affected the outturn position when it was compared to the Revised Estimate.

3.4 The DoR highlighted to members the impact of some of the larger variations on the council's earmarked reserves, most notably:

- VAT Shelter Receipts
- Fleming VAT Credits
- Performance Reward Grant
- Housing and Planning Delivery Grant
- Extra Housing Revenue Subsidy

3.5 Cllr Ranson commented that it was sensible to set aside these amounts in the current economic climate and commented likewise on the decision to set aside £200,000 to meet any potential costs of the restructuring exercise.

3.6 A discussion then took place on whether to set aside a further £400,000 in order to meet any pension liability costs post LSVT. Members agreed to the setting aside of £400,000 to meet any future pension liability.

3.7 Members also requested that an Actuals Book be produced for 2009/10. It was agreed that this would be produced for the next meeting.

4 Capital Outturn 2009/10

4.1 The DoR detailed the main schemes that had been approved for 2009/10 and mentioned that there had been a lower number of schemes initially approved for 2009/10 due to the amount of slippage from 2008/09.

- 4.2 The capital resources for 2009/10 were detailed and it was highlighted that there was a low level of capital receipts in 2009/10, particularly as there had been no sales of council houses by Ribble Valley Homes in the year.
- 4.3 Members requested an update on the 2010/11 capital programme be brought to the next meeting.

5 Announcement of Local Government Funding Reductions 2010/11

- 5.1 The DoR provided members with details of the Governments announcements regarding funding reductions for Local Authorities in 2010/11. She highlighted that none of the reduced funding streams on Area Based Grant are received by Ribble Valley.
- 5.2 The DoR reviewed the substantial impact on some neighbouring authorities of the cuts in Area Based Grant. Other funding cuts had been made on specific grants such as LABGI, however the council had not budget to receive this income stream and therefore there would not be any impact from that announcement.
- 5.3 Further notification had been received that the Free Swimming Grant would be stopped from the end of July. The DCS informed members that the withdrawal of the grant would mean a loss of grant income of £54K, which would be replaced by fees and charges of £50K, assuming that attendances were not to fall.
- 5.4 As a decision was needed as to whether free swimming should continue past the end of July 2010, as Community Services Committee would not meet again until September. It was recognised that the members of the Emergency Committee were in attendance at the Budget Working Group and a decision was made to stop free swimming from the end of July and reintroduce charges. The Fees and Charges had already been approved during the budget process.

6 Emergency Budget 22 June 2010

- 6.1 The DoR provided members with details that had emerged from the previous days Emergency Budget. It was highlighted that the detailed background to some of the items was not yet known, but that Budget Working Group would be kept informed as this information became available.
- 6.2 The summary information that was available on the main areas that would impact on the council were discussed and included:
- Council Tax
 - Future Public Spending
 - The Spending Review Process
 - Local Authority Prudential Borrowing
 - Public Sector Pay
 - Public Service Pensions
 - National Insurance
 - Business Rates
 - Local Enterprise Partnerships
 - Housing Benefit
 - Concessionary Travel
- 6.3 The DoR highlighted that the announcement of average real term budget cuts of 25% over four years for government departments was the most crucial decision in the emergency budget.

7 Restructuring Update

- 7.1 The CE provided members with a verbal update on the progress that CMT had made to date on the structure review. To date this had focused on the management structure of the council. Members were happy with the progress that had been made.

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 was changed to 21 July at 4.00pm in Committee Room 1.

MINUTES OF BUDGET WORKING GROUP HELD 19 MAY 2010

Present: Cllrs: Ranson, Thompson, Sherras, Rogerson, S Sutcliffe, Director of Resources, Financial Services Manager

1 Apologies

1.1 Cllr Knox, Cllr Hirst, Cllr T Hill, Chief Executive

2 Minutes of previous meeting held on 27 January 2010

2.1 The minutes were accepted as a correct record of the meetings

3 Minutes of meeting held on 24 February 2010 with Representatives of Business Ratepayers

3.1 It was acknowledged that the meeting had been better attended than in previous years. A discussion took place on the positive involvement of those who attended and the comments that had been made at the meeting.

4 2010/11 Work Plan for Budget Working Group

4.1 The DOR presented a report which outlined a suggested workplan for the budget working group for 2010/11. She highlighted the uncertainty with regard to local government finance moving forward and how this illustrated the important role for the Budget Working Group.

4.2 Members considered the workplan and agreed with the structured approach for future meetings. The DOR suggested that whilst meeting dates had been set up for the future, additional dates could be set as and when required.

4.3 Suggestions put forward by members were:

- Update on the Ribblesdale Pool and Longridge Gym following the previous reviews
- Platform Gallery – ie funding and user numbers
- Delivery of the Local Development Plan
- Accessing IDeA funding – ie shared services on grant sourcing
- Shared Working/Shared Services
- Forward Planning and Planning Enforcement
- Public Conveniences

5 VAT Repaid on Leisure Services

5.1 The DOR provided members with an update on a VAT refund with interest which had been received from HM Revenue and Customs in 2009/10 financial year amounting to just over £182,000 including interest, after paying charges for the services of PriceWaterhouseCoopers.

5.2 It was highlighted that a further claim for just under £31,000 excluding interest was still outstanding but expected to be paid within the next few months. A claim had also

been submitted for compound interest but the decision on this from HMRC was not expected for quite some time.

- 5.3 The DOR pointed out that this would help alleviate some of the pressure on general fund balances in the closedown of the accounts for 2009/10.

6 SPARSE Financial Analysis

- 6.1 A report was circulated to members, which had been prepared following the recent receipt of financial analysis of district councils that had been carried out by SPARSE using 2008/09 spend.
- 6.2 The report showed very clearly the low level of cost per head of the council's services, particularly in comparison to All Districts (17/201), Lancashire Districts (1/12), SPARSE Authorities (11/89) and Rural-80 Authorities (7/51).
- 6.3 The DOR took members through the report which looked in to the reasons for some of the higher cost areas for the council. She also highlighted the importance of comparing cost and performance together and how the council's performance had also been exceptional at this low cost per head.
- 6.4 Members questioned the potential for cost reduction through shared services/working for the council when the council's cost per head was so low when compared to others.

7 Any Other Business

- 7.1 There were no other items raised.

8 Date and Time of Next Meeting

- 8.1 Date and time of next meeting was changed to 23 June at 4.00pm in Committee Room 1 as this would be the day after the coalition government's emergency budget had been held.