

# MINUTES OF BUDGET WORKING GROUP MEETING HELD 12 JANUARY 2011

Present: Cllrs: Ranson, Sherras, Thompson, T Hill, Hirst, Knox, Chief Executive, Director of Resources, Director of Community Services, Financial Services Manager, Corporate Policy Officer (*for Item 3*)

## **1 Apologies**

1.1 Cllr: Rogerson

## **2 Minutes of previous meeting held on 15 December 2010**

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

## **3 Budget Consultation**

3.1 The council's Corporate Policy Officer (CPO) provided members with a paper outlining a number of consultation methods.

3.2 Members were taken through each of the various methods and the CPO highlighted to members the various cost implications for each of the methods. She also explained the various pros and cons and the amount of staff time which would be involved in operating the different methods of consultation.

3.3 The options covered were

- Suggestion Form
- YouChoose
- Delib
- Feedback Online
- Simalto
- Council Newspaper
- Citizens' Panel
- Face to Face Sessions

3.4 Members were in agreement that the consultation needed to have a longer term focus, rather than just on the 2011/12 budget, in order for the council to obtain something meaningful from the exercise.

3.5 Cllr Ranson stated that it was important that the council was clear from the outset about exactly what it wanted to achieve from the consultation in order to ensure it carries the correct focus.

3.6 It was agreed that a website based consultation should be used, with the help of some of the free software that was available. YouChoose was favoured for its provision of consequences when the public provided their suggestions. It was agreed that ideas should be brought back to the April Budget Working Group meeting.

#### **4 Revenue Budget Update**

- 4.1 The DoR provided members with a report on the revenue budget for 2011/12 and also covering the 2012/13 budget. She highlighted to members that it was important that the current budget review focused on both years rather than 2011/12 in isolation.
- 4.2 Members were taken through the timeline of events which had occurred and the future meeting dates by which the budget must be approved for 2011/12.
- 4.3 The DoR took members through the details of the proposed revised estimate for the current financial year 2010/11, and the net underspend that was forecast of £223,000 as compared to the original estimate.
- 4.4 Next the DoR explained the current position for the 2011/12 budget, giving details of the changes in the budget as compared to the original estimate for 2010/11. She explained to members that the reports that had been submitted to service committees were seeking approval by members of the **base budget** and that these would be substantially different from the final budget that would be approved by Special Policy and Finance on 8 February and Full Council on 8 March.
- 4.5 Members were informed that a number of savings had already been identified following the restructuring of senior management and that these savings were not reflected in the **base budgets** that had been reported to service committees. A further list of budget savings proposals were put forward to members, presenting the level of savings that could be achieved over the 2011/12 and 2012/13 financial years.
- 4.6 After allowing for the further proposed savings which were given in the Annex to the report, the savings/use of balances needed were £369,000 for 2011/12 and £774,000 for 2012/13. A discussion took place on recurring and non-recurring savings and the DoR explained that if the £369,000 savings to be made in 2011/12 were permanent and made on the base budget for the council (i.e. recurring), then the savings needed for 2012/13 would not be £774,000, but £405,000. The DoR stated that it was important that these further savings in 2012/13 were also recurring.
- 4.7 In explaining the next steps going forward, the DoR explained to members that the Heads of service were currently reviewing their services in order to identify savings, and would be reporting to a special CMT and Heads of Service meeting on Thursday 20 January 2011.
- 4.8 Clarification was given by members on the level of use of balances that would be acceptable. Cllr Ranson confirmed that this should be no more than £200,000 for 2011/12, but should be as low as possible in order to ensure a sustainable budget.

#### **5 Any Other Business**

- 5.1 The DoR explained to members that a report would be brought to the next meeting of Budget working Group on capital. The lack of capital resources was discussed and also the loss of the Regional Housing Capital Pot. Cllr Ranson stated that he would envisage that the VAT shelter receipts would be used to help finance the housing element of the capital programme.

#### **6 Date and Time of Next Meeting**

- 6.1 Date and time of next meeting was agreed as **26 January 2011 at 4.00pm** in **Committee Room 1**.

# MINUTES OF BUDGET WORKING GROUP MEETING HELD 26 JANUARY 2011

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

## **1 Apologies**

1.1 No apologies

## **2 Minutes of previous meeting held on 12 January 2011**

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

## **3 Response to Consultation Paper on the Local Government Finance Settlement**

3.1 The DoR provided Members with details of the response that had been sent, with regard to the Consultation Paper on the Local Government Finance Settlement. Members agreed that there would have been no benefit to travelling to London to lobby as part of the consultation.

## **4 Revenue Budget – Latest position**

4.1 The DoR presented a report to members which gave details on the latest position for the revenue budget for 2011/12.

4.2 It was explained that the position for the revised estimate for the 2010/11 financial year was likely to be better than the Original Estimate, with a likely £202,000 to be added to general fund balances, rather than the Original Estimate of taking £41,000 from general fund balances. This would take general fund balances at 31 March 2011 to £1.424m.

4.3 For 2011/12, the budget had been prepared on an assumption that a Council Tax freeze would be approved.

4.4 The DoR took members through the variations that were expected between the budget for 2010/11 and 2011/12, including the management restructuring savings, transfer of Concessionary Travel responsibilities, savings on the new waste transportation arrangements, partly offset by additional costs arising from the increase in the superannuation rate.

4.5 Members were then taken through the savings that were discussed at the previous meeting on 12 January 2011 and the DoR highlighted that these needed to be formally agreed. The DoR then took members through a further set of proposed savings. It was highlighted that these savings did not include anything proposed by Heads of Service as part of their service reviews.

4.6 After much discussion, particularly around Modern Apprentice post savings, members agreed with all savings proposals with the exception of passing on the full VAT increase on car parking charges. A compensating proposal was put forward and agreed of increasing the use of New Homes Bonus from £40,000 to £60,000.

- 4.7 Members agreed that general fund balances of £210,000 should be used in order to balance the budget, particularly in light of the likely addition to general fund balances of £202,000 at 31 March 2011.
- 4.8 Looking forward to the 2012/13 budget, the DoR highlighted that after the savings proposals, the shortfall would now stand at £641,000, and that this should be the target which Heads of Service should be tasked with achieving through their service reviews. This represented approximately 10% of the council's net expenditure.
- 4.9 Members approved the proposals and asked Corporate Management Team for regular progress reports.

## **5 VAT Shelter Receipts 2010/11 – Update**

- 5.1 The FSM presented members with a report on the latest position on the VAT Shelter. This showed that the VAT shelter had underperformed up to 31 March 2010, which was partly due to a 15% rate of VAT over part of this period.
- 5.2 Whilst the rate of VAT had now risen to 20%, which would help the performance of the VAT shelter over the longer term if the higher VAT rate remained, it was highlighted that Ribble Valley Homes' programme of works now included a substantial amount of work on Disabled Adaptations in 2011/12, which would be VAT exempt and would therefore reduce VAT shelter receipts for the year.
- 5.3 The use of the VAT shelter, which would stand at £1.055m at 31 March 2011, was discussed by members. It was indicated that the first preference for use of the VAT shelter monies would be for Housing Capital schemes, particularly in light of the lost Regional Housing Pot for housing capital investment.

## **6 Revised Capital Programme 2010/11**

- 6.1 Members were taken through the Revised Capital Programme for the current financial year (2010/11). 69% of the programme had been spent at the time of the meeting.
- 6.2 It was highlighted to members that the level of capital resources at the 31 March 2011, if all schemes were completed, would be only £69,950 and that this would impact on the affordability of the Five Year Capital Programme going forward, which was the next item on the agenda.
- 6.3 Members were briefly updated on the movements on the 2010/11 capital programme and noted the report

## **7 Proposed 5 Year Capital Programme 2011/16**

- 7.1 Members were updated on the latest position for the Capital Programme 2011/16 and were informed that the current lack of capital resources and the low level of resources that would be carried forward from 2010/11 made the five year programme unaffordable.
- 7.2 A number of options were put before members in order to help achieve an affordable programme, including reducing the number of schemes, reducing the value of the schemes or increasing funding streams such as unsupported borrowing and utilisation of the VAT shelter.
- 7.3 Members requested that Corporate Management Team review the capital programme in order to reach an affordable programme. This should focus on the 2011/12 programme with a view to setting up a Capital Working Group to review the remaining four years over the coming months.

**8 Consultation Meeting with NNDR Representatives**

- 8.1 Members were informed that the statutory meeting with Business Rate Payers needed to be arranged. It was agreed to hold this after the next Budget Working Group meeting in Committee Room 1 on **16 February 2011**, with the **start date of the BWG changed to 3.30pm** and the **Business Rate Payers Meeting to start at 4.00pm**

**9 Any Other Business**

- 9.1 There were no items under any other business

**10 Date and Time of Next Meeting and Suggested Further Dates**

- 10.1 Date and time of next meeting was agreed as **16 February 2011 in Committee Room 1 at 3.30pm**, with the **Business Rate Payers Meeting to start at 4.00pm**.
- 10.2 The next meeting would then be Wednesday 6 April 2011 at 4pm in Committee Room 1.