

MINUTES OF BUDGET WORKING GROUP MEETING HELD 21 OCTOBER 2010

1.1 Present: Cllrs: Thompson, T Hill, Knox, Rogerson, Chief Executive, Director of Resources, Director of Community Services, Director of Development, Financial Services Manager

1 Apologies

1.2 Cllrs: Ranson, Sherras, Hirst

2 Minutes of previous meeting held on 22 September 2010

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

2.2 The DoR highlighted to members that the Formula Grant Consultation Paper responses had now been submitted

3 Comprehensive Spending Review 2010

3.1 Following the CSR announcements from the previous day the DoR circulated a number of documents to provide members with an update on the information that was available with regard to the potential impact on the Council. A full copy of the CSR was left in the member's room for reference.

3.2 Also circulated was a latest budget forecast based on available information from the CSR announcement. The DoR outlined a number assumptions that had been made, particularly in respect of concessionary travel, which was likely to be the area of highest impact for the council when it is moved to the upper tier. It was also explained that the forecast gave an even spread of savings across the years at 7.25%, whilst indications were that these would be frontloaded.

3.3 Reference was made to the slight increase in the Council Taxbase calculation and the impact this had on the level of the council tax.

3.4 The DoR drew the attention of members to a letter from Eric Pickles, the Secretary of State for Communities and Local Government, which outlined the grants to be rolled in to the calculation of Formula Grant, and other core grants which were to be retained.

3.5 A list was circulated of the balance of the grants which were assumed at that point in time to be lost as part of the CSR, together with details of how much of each of these the Council received, which was very low.

3.6 Discussions took place on the potential income for the Council from the New Homes Bonus, however it was highlighted that there was only speculation at that point in time as to how the scheme would operate and as to who would receive the bonus. A consultation was anticipated in the coming weeks.

3.7 Members were informed that it would probably be the end of November, when the draft settlement figures are released, before the actual impact on this council would be known.

4 Fees and Charges Review

- 4.1 Following the support of a proposal at the previous meeting of the BWG to implement VAT and inflationary increases to charges from January 2011 in order to avoid two price increases which would otherwise be within months of each other, the FSM presented a report which outlined the potential impact.
- 4.2 Members were also informed of the costs of provision and the charges made for Meals on Wheels, following indications from county that £24,000 of funding that the council receive may be withdrawn. Members asked that a further report be brought to BWG on the Meals on Wheels service and its funding.
- 4.3 Budget Working Group also put forward a recommendation to service committees that they review all fees and charges in the next cycle of committee meetings and that they look to increase them by at least a 3% inflationary amount in addition to the VAT increase.

5 Council Taxbase

- 5.1 The DoR presented a report on the calculation of the Council Taxbase, explaining the statutory duty on the council to set its Taxbase. The DoR highlighted that the Taxbase was virtually unchanged from the previous year, and would be reviewed on 1 December in accordance with the Council Taxbase Regulations and amended if appropriate.

6 Any Other Business

- 6.1 A copy of an email from SPARSE requesting financial support for the Fairer Funding Campaign for rural authorities was distributed to members. Members were fully in favour of providing financial support to SPARSE from within existing budgets.
- 6.2 The S106 Agreement for Sites around and including Primrose Mill for residential development was raised and it was agreed that members present would convene for an Emergency Committee. The discussion was with regard to Homes and Communities Agency Funding of £1,270,750 and the need for a supplemental agreement to be approved by the 22 October in order to be eligible for this latest stream of funding. The Emergency Committee approved the Supplemental Agreement and the decision was to be reported to the next meeting of Planning and Development Committee.

7 Date and Time of Next Meeting

- 7.1 Date and time of next meeting was agreed as **12 November 2010 at 12 noon** in the **Council Chamber**

MINUTES OF BUDGET WORKING GROUP MEETING HELD 12 NOVEMBER 2010

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

1 Apologies

1.1 Cllrs: Knox and Rogerson

2 Minutes of previous meeting held on 21 October 2010

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

2.2 Cllr Ranson expressed some concern at the setting of fees and charges at a time when the Council does not know what its future formula grant is likely to be. The DoR clarified that the idea had been agreed by the group at a meeting held in September and that it had been further approved at a meeting on 21 October that proposed increases be taken in the next cycle of service committees for approval.

2.3 Reference was made to the setting of fees and charges on car parking at Community Services Committee at a lower rate than those proposed. The CE mentioned that within the calculation of formula grant there was a level of income that the government anticipate that the council will achieve from car parking. It was agreed that this would be brought to the next meeting.

3 Discretionary/Mandatory Services

3.1 Following a request at a previous meeting, the FSM presented members with a list of the council's services categorised between discretionary and mandatory. It was highlighted that this was an initial 'broad-brush' analysis and that a further detailed analysis would be needed to accurately identify a true split by service area.

3.2 The CE recapped that members had originally requested this detail in order to help steer the direction that members wanted the second phase of the structure review to take. An initial list of areas for review was suggested by Budget Working Group, covering:

- Public Conveniences
- Sports and Recreation
- Tourism and Arts
- Highways Services
- CCTV

3.3 It was highlighted that this review should not necessarily look just at stopping services, but also should look towards efficiencies and changes in service levels. An example was CCTV and whether there was a necessity for 24 hour monitoring going forward.

3.4 The DoCS mentioned to members that a review was currently being carried out on many of these areas.

3.5 Cllr Ranson highlighted that he was reluctant to look at grants and subscriptions as in many instances they were important to the local community through what they achieve. The Meals on Wheels service was also mentioned in a similar context and the DoR highlighted that a report was to be prepared for Policy and Finance committee on this service following indications from Lancashire County Council that some funding towards the service may potentially be withdrawn.

4 Budget Forecast

4.1 The DoR took members through the latest budget forecast that had been prepared. The DoR took members through the items that had been included and excluded in the preparation of the forecast and reiterated that until local authority settlements are released it is very difficult to forecast with any accuracy.

4.2 The DoR highlighted to members that the council's healthy levels of general fund balances and reserves will assist the council in facing the turbulent times that were ahead.

4.3 Whilst the details of the finance settlement were not known, the DoR mentioned that planning needed to start on the approach that would be taken to review individual service areas through the service planning and budget setting process, and the second stage of the restructuring exercise needed to begin.

4.4 The DoR mentioned to members that at that point in time it was anticipated that the finance settlement would be announced on 2 December. The DoR also mentioned that there had been lobbying by councils that had been hit hard with the loss of some Area Based Grants and also lobbying against those councils with healthy balances.

5 Service Planning and Budget Savings

5.1 Members reviewed the latest template that had been prepared for Service Plans. The template had changed substantially from previous years and included a requirement for Heads of Service to identify stepped levels of savings and demonstrate the impact this would have across:

- Financial Impact
- Impact on Staffing
- Customer Impact
- Impact on Assets
- Impact on Support Services

5.2 Members were supportive of the new template and the objectives that it set out to achieve.

6 Local Growth White Paper

6.1 The DoR briefed members on the contents of the 'Local Growth: realising every place's potential' white paper.

6.2 The white paper outlined the approach that was to be taken to achieve local growth by:

- shifting power to local communities and businesses, enabling them to tailor their approach to local circumstances
- promote efficient and dynamic markets, in particular in the supply of land, providing real and significant incentives for places that go for growth
- support investment in places and people to tackle the barriers to growth.

- 6.3 Key areas covered in the white paper included a reform of planning, new homes bonus, Business Increase Bonus to allow Local Authorities to retain business rates where growth exceeds a certain threshold, and referred to future consideration of options to enable councils to retain local business rates.

7 Any Other Business

- 7.1 The DoR raised the capital scheme at Roefield changing rooms and a request that had been received for further resources for the scheme. It was agreed that the matter should be raised for consideration at the next meeting of Policy and Finance Committee.

8 Date and Time of Next Meeting

- 8.1 Date and time of next meeting was agreed as **3 December 2010 at 12 noon** in **Committee Room 1**.

MINUTES OF BUDGET WORKING GROUP MEETING HELD 15 DECEMBER 2010

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

1 Apologies

1.1 Cllr: Knox

2 Minutes of previous meeting held on 12 November 2010

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

3 New Homes Bonus Consultation Paper

3.1 Following the release of a consultation paper on the New Homes Bonus, the FSM took members through the proposals and a list of suggested responses for the consultation.

3.2 Based on calculations the Ribble Valley area was likely to receive New Homes Bonus of £77,500 in 2011/12, topped up by an enhancement of £350 for each new home that was classed as an affordable home. The proposals in the consultation paper was for this New Homes Bonus to be distributed on an 80:20 RVBC:LCC basis.

3.3 A discussion took place on whether the grant was ring-fenced and on the possible use of the grant in specific communities.

3.4 Members considered the proposed responses and approved their submission.

4 Provisional Local Government Finance Settlement 2011/12 and 2012/13

4.1 The provisional settlement was released on 13 December, and the DoR took members through a report which examined the settlement for the Ribble Valley in detail, highlighting the main variations from the previous settlement and the implications for the Council.

4.2 The DoR explained that the Government had stated that the funding formulae had been changed to give more weight to those parts of the country with the highest levels of need.

4.3 She also explained the creation of new bandings, each of which had their own floor level, ie maximum grant reduction. This council fell within band 2 with a maximum reduction of -14.8%.

4.4 A reduction in the council's population figure in the Government's calculation of the formula grant were highlighted and the impact this had in reducing the council's grant. Cllr T Hill queried whether this was an area that could be appealed on. The DoR explained that if the population figure was successfully appealed this would mean the benefit the council received from floor damping would be reduced, resulting in a net nil impact.

- 4.5 The creation of a new Transitional Grant was discussed, which had particularly benefited some of the neighbouring districts. Also discussed was the new phraseology of “Spending Power” which the government had introduced and the DoR explained to members the movement in the council’s Formula Grant as opposed to the movement in Spending Power.
- 4.6 Comparing the adjusted Formula Grant for 2010/11 (after the removal of concessionary Travel and other adjustments) to the provisional settlement for 2011/12, this council was to see a reduction of 14.8% in Formula Grant. For 2012/13 this was a 25% reduction.

£m		
Adjusted Formula Grant 2010/11	3.773	
Provisional Formula Grant 2011/12	3.214	14.8% reduction
Provisional Formula Grant 2012/13	2.825	25% Reduction

- 4.7 The DoR provided members with a selection of comparisons to neighbouring authorities and also some analysis that had been provided by SPARSE. She asked members to consider a response to the consultation on the settlement.
- 4.8 Cllr Sherras asked if it was known whether SPARSE were planning on submitting a response to the consultation. This was not known, but Cllr Sherras offered to contact them directly.
- 4.9 Cllr Ranson suggested that the DoR contact neighbouring authorities South Ribble and Wyre, to establish whether a group response could be possible
- 4.10 It was recommended that a subgroup be arranged to formulate a response on behalf of the council.

5 Budget Forecast Update

- 5.1 Following the announcement of the Finance Settlement, the DoR provided members with an updated budget forecast.
- 5.2 The DoR explained that the accountants were still preparing committee estimates for reporting to committees in the new year. The forecast showed savings/use of balances needed of £660K in 2011/12 and £1.043m in 2012/13
- 5.3 The DoR gave a word of caution on the allowance made for investment income, as it now appeared unlikely that the forecast of £75,000 for 2011/12 would materialise based on the current levels of interest rates.

6 Budget 2011/12 onwards – next steps

- 6.1 The steps needed to be taken on the budget, going forward, were discussed by members and officers.
- 6.2 Cllr Ranson stated that going forward it was clear that the council had to do something more substantial to achieve the savings needed. Cllr Hirst agreed that the Budget Working Group was probably the best forum for such decision to be made, particularly with reference to its membership.

- 6.3 Cllr Ranson explained that the council needed to reconsider the services it provides, and how the council was going to be operated over the longer term (5–10 years). Reference was made to the loss of the council's housing stock and how some areas of overhead had not reduced in size. The council's overhead base needed to reduce going forward, for example through shared services, including this council taking on extra business as part of shared services.
- 6.4 Alternative methods of income generation were also mentioned, and reference was made to South Holland District Council and the purchase of land for future social housing.

7 Any Other Business

- 7.1 An item from a meeting of the SPARSE Rural SIG and Rural Services Network on 22 November 2010 was circulated for information to members, at the request of Cllr Sherras. The item examined expected public service impacts in rural areas from budget reductions.

8 Date and Time of Next Meeting

- 8.1 Date and time of next meeting was agreed as **12 January 2011 at 4.00pm** in **Committee Room 1**. Cllr Rogerson gave his apologies in advance.