

APPENDIX A

BUDGET AWAY DAY **TUESDAY 11 JANUARY 2011**

PRESENT:-

Councillors: M.Graham MBE (Chair), S.Dungworth, G.Botterill, P.Posnett,
T. Moncrieff, N.Angrave, P.Chandler, N.Slater, D.Wright, M.O'Callaghan
E.Holmes, R.Marks, A. Freer, J.Wyatt, B.Rhodes

Chief Executive (LA), Corporate Director (CM), Corporate Director (KA),
Head of Central Services (DG), Chief Accountant (DC),
Head of Regulatory Services (JW), Head of Communities (HR),
Head of Communications (AT),
Unison Representative (AP), GMB Union Representative (KL)
Finance & Administration Assistant (Notes)

APOLOGIES:-

Councillors: P.Baguley, A.Jackson, D.Orson,
J.Orson

Introduction by the Leader

The Leader gave a short introduction highlighting the purpose of the Budget Away Day and the need for Members to consider all budget proposals so that final decisions can be made at the Full Council meeting on 2 February 2011.

A display of the Council's achievements over the past 4 years had been prepared in the meeting room and the Leader invited Members to view the contributions made from different sections of the Council.

Revenue Budget Position

A Presentation was given by the Head of Central Services which outlined the current position for the General Expenses and Special Expenses Accounts for both the current financial year 2010/11 and 2011/12.

The Presentation set out potential Council Tax levels taking into account the availability of the Council Tax Freeze Grant, proposals for budget enhancements and reductions relating to the General Expenses and Special Expenses.

Members considered and gave advice enabling the Council's Revenue Budget for 2011/12 and the proposed Council Tax level to be taken forward for Full Council consideration and approval.

The Head of Central Services gave a synopsis of the Revenue position on all General Fund and Special Expense Funds.

Estimated Year End Position 2010/11

General Expenses

Net expenditure has increased by £512k when compared to the original estimate. Carry forwards from 2009/10 of £221k and supplementary estimates of £82k were previously approved. The estimated year end position, after the budgeted surplus for the year is taken into account, is indicating that the working balance will be £474k which is £166k below the enhanced level, of £640k, approved by PFA. The enhancement of £60k in the working balance was provided for due to the economic climate and its impact on income streams.

When the budgets are formally set some key decisions will be required as to whether the working balance is restored to £580k or £640k. There remain some financial uncertainties as a result of the current economic climate and its impact on some income streams, the uncertainty of the timing of the move to the new build, and the revenue costs associated with a new building. Restoration from within the revenue budget will put additional pressure on the ability to balance this account. Restoration of the working balance from the Corporate Priorities Reserve would reduce the capacity of this fund to support non recurring revenue enhancements and the capital programme.

Special Expenses MM

Net expenditure is estimated to be £2k over the original estimate. A small shortfall on the approved working balance will result which will need to be restored in later years as there are no further reserves to draw on with regard to this fund. The special expense reserve will now be depleted at the end of March 2011. As such any revenue and capital schemes will need to be funded from the 2011/12 revenue budget unless general fund capital receipts are utilised.

Special Expenses Other

The estimated year end position on the other special expense areas are broadly in line with the original estimate, however, in some areas there are balances brought forward from the previous financial year which will impact on the Council Tax to be charged in 2011/12.

Budget 2011/12

General Expenses net expenditure has decreased by 6.9% between the 2010/11 and 2011/12 original estimates. This does not include any growth or disinvestments in service level at this stage.

The main reasons for the reduction in Net Expenditure by £463k or 6.9% are:

<u>Main Changes</u>	£000
Loss of responsibility for Concessionary Fares	-318
Borough Elections	61
LDF Savings	-65
Shared Services	-16
Waste Management	180
Withdrawal/Reduced Central Govt Service Specific Grants	91
Property	-72
Electronic Working	59
Other efficiencies	-344
Superannuation Costs	39
Debt Charges	-80

The Council has been extremely successful in its efficiency projects but there are cost pressures elsewhere from further losses of grant income and the high increase in the cost of the waste management service which is a large proportion of the council's expenditure.

Councillor Angrave requested an explanation of the Rural, Economic & Environmental Affairs estimate figures on the Summary of Committee Estimates sheet (Paper A). This has since been provided.

Councillor Holmes requested the total cost of insurance for the Council, which the Chief Accountant was able to provide later in the meeting.

A Council Tax Freeze Grant has been offered by the Government, but to qualify there needs to be an overall nil increase in Council Tax for 2011/12 which includes all special expenses. The funding is available for the 4 years of the Comprehensive Spending Review period.

The grant is worth £84k to Melton Borough Council. Unfortunately, the Freeze Grant was not devised for those Councils with Special Expenses. Members need to determine where the corresponding reduction in Council tax should be made, General Expenses or Special Expenses (MM), in order to result in a nil overall increase.

The Policy, Finance and Administration Committee is to make a recommendation to Full Council.

The Summary position based on a nil Council tax increase in General Expenses and a small reduction in Special Expenses is shown below:

	£
General Expenses	
Budget Deficit 2011/12	279,820
Band D Council Tax pa 2010/11	150.87
2011/12	150.87
or	150.48
Special Expenses	
Budget Surplus 2011/12 (after restoration of Working Balance)	26,355
Band D Council Tax pa 2010/11	56.35
2011/12	56.35
or	55.55

Councillor Slater joined the meeting at 10.20am.

There are a number of General Expenses budget options to be considered. To assist in reducing the deficit there a number of potential saving provisions.

- The Council could receive up to £168k in 2011/2012 as a New Homes Bonus. Guidance was sought from the Members and the sum of £100k is to be used as the budget figure.
- It has been recommended by the Waste Management Task Group that the level of inflation figure for the waste budget, provided for in 2011/12, should be based on a 4% increase. A saving of £21k could be made if a 3% increase was applied, as suggested by the Head of Central Services. The Head of Central Services will put this forward to full Council for consideration
- A provision could be made for a 10 month saving of up to £219k regarding the restructure process taking place below Head of Service level within the Council. This would be a gross saving. Any one off pension costs could be charged to the Pension Fund up to a set limit. Any redundancy could be met from the working balance or reserve due to the need to increase the rural Special Expenses Council Tax in order to balance these budgets.

The Head of Central Services advised the Members that these 3 options do have risks attached, primarily that the savings/income might not be forthcoming.

Future pressures and uncertainties regarding the budget were discussed.

Disinvestment Reviews

The Head of Central Services presented potential areas for disinvestment for Members' consideration as identified by Officers and Members through the Strategic Planning and Budget setting process.

Members considered service reductions to be included in the estimates for General Expenses to go forward for approval by the PFA Committee and final determination by Full Council.

A discussion regarding the proposed Christmas Lighting disinvestment took place and it was suggested that the public be made more aware that there is no fee paid to those who are invited to switch the lights on.

The Voluntary groups receiving the Community Services Grant, at present, are to be invited to the next Overview & Scrutiny meeting to discuss funding.

The Officer Representatives for the Citizen Advice Bureau (Councillor Chandler and Councillor Marks) reported that they are not being kept informed of the financial situation there. The CAB manager has changed and little financial information is now received. There is a requirement for them to be fully informed. The Head of Communities is to raise this at the next meeting with the CAB manager.

A discussion, prompted by the Leader, regarding food provision at meetings resulted in a proposal for the attendance allowance at planning site visits to be reduced to £25 from £30. This would provide a budget for the continuation of providing food at Development Committee meetings. A saving of £6k for not providing food at other Committee meetings was added to the disinvestment list.

The favoured options for service disinvestments to be recommended for approval by Full Council are shown below:-

Service Reductions			
Service	Ongoing	£	Details
Local Plans / Development Control	✓	15,290	Planning Policy Officer working across Regulatory Services and Planning Policy
Christmas Lighting	✓	10,000	Reduced Provision
Community Service Grants	✓	3,500	Discontinue funding community events
Community Service Grants	✓	9,330	Discontinue funding Victim support and O & S to review achievement of total saving from other voluntary groups
Wheels to Work	✓	5,000	Reduced provision
Waste Management	✓	15,000	Reduced frequency of street cleaning service
Communities	✓	2,060	Cease funding Rural Housing Enabler
Waste Management	✓	5,200	Reduced number of town centre litter bins
Environmental Maintenance	✓	20,000	Less frequent grass cuts and shrub bed tidying
IT Services	✓	5,000	Remove service from Leicestershire A-Z partnership
Corporate and Democratic core	✓	6,000	Discontinue food provision at meetings
Total Reductions		£96,380	

No Special Expenses proposals were put forward for consideration.

Service Enhancements

Each option for service enhancement was discussed and those recommended are to be included in the proposals for General Expenses for submission to Full Council are set out below:-

Service Enhancements			
Service	Ongoing	£	Details
Administrative Buildings	x	20,000	Costs associated with moving into the new offices not covered by the insurance claim, caused by exceptional inclement weather
IT Services	x	10,300	Project Management Resource to August 2011
IT Services	✓	99,690	Additional IT support (balancing item)
Community Safety	✓	15,000	Community safety initiatives
Public conveniences	✓	17,470	Wilton Road and St Mary's Way attended facilities with 30p charge. Park Lane retained as a non operational asset
Total Enhancements		£162,460	

It was proposed that those items of a non recurring nature, totalling £30,300, be funded from the Corporate Priorities Reserve.

The additional IT support sum is to be used as a balancing item during the refinement and completion of the budget process.

There was a discussion regarding an enhancement for a mosaic license of £8,000. The Corporate Director (KA) indicated this could be funded from savings within the 2010/11 budget. Suggestions were made as to how this could be reduced and the director was asked to look into methods of reducing the cost or funding from the savings as suggested.

Councillor Freer left the meeting at 1.30pm

Councillor Rhodes joined the meeting at 1.40pm

Capital Programme 2011/12

Members considered the Council's Capital Programme for General & Special Expenses for 2011/12. The Capital Proposals for General Expenses and Special Expenses together with the available resources for 2011/12 were considered.

The Head of Central Services led a discussion regarding these capital proposals.

Capital Programme 2011/12 - General Expenses.

It was agreed to propose the following schemes for funding:-

Ref. No.	Scheme	Gross Cost £'000	Funding Source
GE1	Disabled Facilities Grants	200	General Fund Capital Receipts £105k, Capital Grant £95k
GE2	New Council Offices	1,498	Third Party Contribution £1,498k
GE3	Cattle Market Phase 1	190	Third Party Contribution £140k, Corporate Priorities Reserve £50k
GE4	Lighting Improvements – Burton St Car Park	25	Corporate Priorities Reserve £25k
GE5	Private Sector Major & Minor Repair Loan Scheme	100	General Fund Capital Receipts £100k
GE6	Uniform Public Access	25	General Fund Capital Receipts £25k
GE7	Income Management	20	General Fund Capital Receipts £20k
GE8	Replacement of Environmental Maintenance Equipment	15	General Fund Capital Receipts £10k, Vehicles & Equipment Repairs & Renewal Fund £5k
Total		£2,073	

Capital Programme 2011/12 – Special Expenses

It was agreed that there were no schemes to be proposed for funding. It was suggested that a scheme be put forward to the relevant Committee with regard to Scalford Brook that could be funded from within the Special Expense resources for Members to consider.

All advice given will be included in the reports to the Policy, Finance and Administration Committee and Full Council with the aim of preparing a balanced budget.

The meeting closed at 14.30pm.