

Notes of the Scrutiny and Overview Committee
Budget Review Working Group
9th January 2012

Present: Councillors: Leonard Crosbie (Chairman), John Bailey, Andrew Dunlop, Jim Goddard, David Holmes, Jim Rae

Apologies: Councillors: George Cockman, Gordon Lindsay, Josh Murphy, Simon Torn

1. TO APPROVE AS CORRECT THE RECORD OF THE MEETING HELD 13TH DECEMBER 2011

The notes of the meeting held 13th December 2011 were approved as a correct record.

2. TO RECEIVE ANY DECLARATIONS OF INTEREST

There were no declarations of interest.

3. ANNOUNCEMENTS FROM CHAIRMAN OR CHIEF EXECUTIVE

The Chairman announced some additional items which he wished to discuss at the meeting, these included:

1. A paper produced by Councillor Lindsay on the Council's overall income/expenditure for the past 6 years
2. The Council's use of reserves
3. An overall review of the Medium Term Financial Strategy
4. The comments, conclusions and observations from the Members for inclusion in the Working Group's final report on the Budget which would be presented to the Scrutiny & Overview Committee on 16th January 2012.

4. REVIEW OF THE CURRENT BUDGET 2011/12

The Head of Financial & Legal Services presented a summary of the current Budget 2011/12.

Members noted that that the position had not changed markedly since the update which Members received at their last meeting.

There had been some overspends, mainly in areas such as Operational Services, on transport budgets and DERV, as Members had discussed at the last meeting.

Members noted that parking income was below budget, but planning fees were well above income.

The Head of Financial & Legal Services explained that despite the overspend, the Council expected to be within budget for 2011/12, by the year end.

5. REVIEW OF THE BUDGET 2012/13 AND 2014/15

The Head of Financial & Legal Services presented a review of the Budget for 2012/13 and 2014/15.

Members noted that this was work in progress and the Budget for 2012/13 had not been finalised. The figures were provisional and subject to change before the Council meeting on 22nd February 2012.

The presentation detailed the Budget projections and how the deficit was projected to increase between 2012/13 and 2014/15.

The Group noted that the figures presented excluded redundancy costs.

The figures were based on fairly conservative projections.

Members noted that of the October proposals, the reductions in Community Transport Grants and Grants Governed by Service Level Agreements had not been included in the draft 2012/13 budget. The reason for the exclusion was to allow the Cabinet Member time to review, with the organisations concerned, the scope for achieving savings to the Council with minimal impact on the services provided.

The personnel implications were also detailed in the presentation, including possible redundancies and the estimated use of reserves required for redundancy payments.

Members were surprised by the large savings which were being generated by the redundancies in CenSus Revenues and Benefits following a restructure. The savings and redundancy costs would be shared across the three partner authorities.

The Working Group noted that the redundancies in Development Management were part of the Redesign proposals to reduce administration, though proposals were included in the departmental budget to increase planning staff resources to cope with the high volume of work.

The other main changes in the Budget were detailed. Members questioned "Other Savings" and whether there were any significant factors under this heading contributing to a total of £164,000. Members requested a note on a breakdown of "Other Savings" of £164,000.

Members were informed that one element was the savings generated from not holding elections in 2012/13. The Group expressed some concern regarding this, as it had been suggested previously that the Council should allocate 25 percent of the election costs on a yearly basis to prepare for the elections every four years.

The Group requested a note on the housing benefit costs included in the budget.

The Head of Financial & Legal Services had detailed the figures for Council Tax for 2012/13 based on zero percent increase.

Members noted the reserves table, which displayed the level of reserves at the beginning of March 2011, followed by the estimated use and contributions to reserves up until 31st March 2012. The Head of Financial & Legal Services had also provided a projection of the use of reserves in 2012/13.

The Group noted that expenditure relating to the Warnham Mill Pond, and the leisure centres had not been taken into account in the reserves table.

The leisure centres, including the Pavilions in the Park, Billingshurst and Steynning, would require use of a projected £2.4M from the Council's reserves fund, for the new leisure centre contract. However it was suggested that the Warnham Mill Pond could be funded by borrowing.

The General Fund Revenue Reserves highlighted how much of the reserves was coming from the New Homes Bonus.

The Group expressed some concern, but was referred back to a note which was provided at the last meeting.

Members noted that the Council was faced with huge uncertainty regarding the New Homes Bonus and the relationship to the general grant from Government.

Finally it was noted that a new Medium Term Financial Strategy would be developed and delivered.

The Group concluded that the Council was faced with huge uncertainty.

Members were also concerned about the fact that Council Tax benefit could be localised and the Government Grant could be cut by more than the five percent upon which projections were based.

A copy of the PowerPoint presentation would be circulated to the Members, however the figures detailed were provisional and of a confidential nature at this stage.

The Chairman of the Working Group circulated some additional papers for consideration.

One was a quote from the Economist Magazine from November 2011 which reinforced the reductions in Government grant which had been detailed by the Head of Financial & Legal Services at the meeting.

The second paper was a report produced by Councillor Lindsay on the Council's expenditure and income trends from 2006/07 to 2011/12, which compared the Council's positions five years ago to the current position. Members noted a four percent increase in expenditure over the period.

The Group discussed the figures and felt that the Council was reasonably well positioned. Members highlighted the fact that it will be difficult to find the savings it would need in the future. The figures presented illustrated that costs had been contained over a number of years and the Council would need to look at areas to generate income which was at a high level at the present time.

Members discussed a proposal for the Scrutiny & Overview Committee for the Working Group to be engaged in more detailed discussions on the Council's budget in the next financial year, carrying out more detailed examinations of budgets with the senior officers concerned.

The Chairman would email a proposal to the Members, if agreed; this would be raised at the Scrutiny & Overview Committee.

Some Members were concerned that the Group was being asked to comment on the Budget in January, however this was restricted by timescales. Members wanted to see accurate projections for the year end against those for 2012/13, broken down by department.

The Chairman would draft the final report on the Budget 2012/13 reflecting the overall views of the Working Group on the Budget for 2011/12, 2012/13 and the future projections and use of reserves. The draft would be circulated to Members for approval and this would then be presented to the Scrutiny & Overview Committee on 16th January 2012.

Members requested an additional meeting in February 2012 to satisfy themselves on the latest figures.
This meeting was scheduled for Monday 13th February 2012 at 5.30pm.

It was also agreed that the joint meeting between the Working Group and the Cabinet scheduled for 12th January 2012, was not required, as the Members views had been raised at the previous joint meeting in December, and these points would be included in the final report.

The meeting ended at 8.15pm having commenced at 5.30pm.

CHAIRMAN