

Runnymede Borough Council

MEETING OF THE COUNCIL

15 December 2011 at 8.00pm

The Worshipful the Mayor (Councillor D W Parr) in the Chair

Members of the Council present: Councillors A Alderson, J R Ashmore, Mrs F J Barden, Mrs P I Broadhead, J Broadhead, M J Brown, H A Butterfield, D A Cotty, Mrs R M Denby, T Dicks, R J Edis, J M Edwards, J R Furey, Mrs E Gill, Mrs L M Gillham, Mrs M T Harnden, Miss M N Heath, Mrs G M Kingerley, C Knight, Mrs Y P Lay, H W V Meares, A M Moore, C J Norman, D W Parr, N Prescott, Mrs M Roberts, P Roberts, N Sorgiovanni, P Sohi, P Taylor, A Tollett, P B Tuley, P J Waddell, Mrs G Warner, J J Wilson and G B Woodger

Members of the Council absent: Councillors C Chapman, Mrs D V Clarke, P A Francis, R Jones, M T Kusneraitis and S Mackay

408. FIRE PRECAUTIONS

The Mayor read out the Fire Procedures.

409. MINUTES

The Minutes of the meeting of the Council held on 20 October 2011 were confirmed and signed as a correct record.

410. MAYOR'S ANNOUNCEMENTS

The Mayor reported on his recent engagements and also mentioned his forthcoming Charity or Mayoral events. The Mayoral Ball would be held on 21 April at Wentworth Club.

411. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Mrs Clarke, Jones and Kusneraitis.

412. QUESTION FROM COUNCILLOR BUTTERFIELD

The following Question was asked by Councillor Butterfield under Standing Order No 13:-

Question from Councillor Butterfield

"What is our current financial position, now close to the end of the calendar year, particularly in respect to our current level of reserves, losses to date and amount of pension deficit, and what is our likely position at the financial year end?"

Response from Councillor P I Roberts

"Thank you for the question, I appreciate it was tabled a few weeks ago and the timetable of events has largely overtaken it. I trust you will acknowledge that copies of agenda reports for Corporate Management have been forwarded to you with significantly more detail than I will provide this evening. The agenda reports have already been discussed and voted upon in a series of public Committees.

Our 2010/11 Statement of Accounts was approved on Tuesday evening of this week. It was confirmed that our working balances or general revenue reserves were £4.4 million before the pension and housing transfers, which I will return to. Our budget for this year required the use of £2.1 million of existing reserves, but this has now been reduced to £1.8 million. We have

consolidated the general reserve with a number of other reserves we have been holding, which amount to £1.2 million. This will leave us with revenue reserves at the end of 2011/12 of £3.7 million.

I touched on the pension and housing transfers, it has been reported that our final salary enhancement scheme for long serving staff, which has been in operation since 1979, approved by Members at least three times in the last decade has recently been considered to fall outside the provisions of the Surrey Pension scheme. Prior to this announcement, we made the decision that the enhancement provision would be cancelled in 2010 as part of the savings programme and it ceased at the end of that financial year.

The delay in the publication of our accounts has been solely as a result of the deliberations on how we will treat this enhancement element of our pension liability. The matter is not fully concluded but in agreement with our external auditor (KPMG) we have decided to take the full liability for the pension enhancement element into our accounts for 2010/11. This amounts to £1.4 million, of which £400,000 is for past payments, and the balance is the actuarial assessment of the future liabilities of those affected current pensioners. The impact of this is associated with interpretation of the pension rules and whilst it has an immediate effect on our General Fund it leads to a reduction in our current Runnymede Local Government pension liability and deficit. This is reported in our Final Accounts.

Coincidentally, the finances of our Housing Revenue Account will change in April 2012; Runnymede will be required to assume borrowings of £100 million, covering the value of our housing stock. In return, we will retain all our rental income rather than repatriating 50% of it back to Government. A great deal of work has been completed in producing a Housing Business Plan, this looks to be very robust and will provide us with an opportunity to either build reserves or pay off debt early. Up to April 2012 it is permissible to transfer revenue surpluses from our Housing Account to our General Fund. We will, assuming the later agenda item is approved, transfer a further £1.6 million from Housing to the General Fund. This will return our revenue reserves to approximately £4 million.

You asked about our financial performance this year, the half yearly position was reported in great detail to Corporate Management on 27 October 2011. In summary, despite variations in a number of budget lines and a few supplementary estimates including Magna Carta, the overall position remained on or close to budget. The key revenue streams from parking and planning were slightly ahead of our plan. This trend continues and may even improve slightly more between now and year end, with some underspends. I am confident that our net expenditure budget will not be exceeded.

Whilst we have not approved the Budget for 2012/13, the five year forecast will give you a clear indication of our strategy. The reduction of Formula Grant bites early and this is not offset by New Homes Bonus for a further two years. I have given our Chief Executive the challenge of producing a budget for next year which requires less than £1 million of reserves and in 2013/14 we will produce a balanced budget. Beyond that period new Homes Bonus ramps up by its multiplying effect and we can look forward to replenishing reserves.

I trust this answers your question. I am available at any time, either individually or with Officers to provide further detail."

413. MEMBERS' ALLOWANCES

The Council considered recommendations from Corporate Management Committee held on 27 October 2011.

RESOLVED that –

- i) the 7% increase in the Basic Allowance and Special Responsibility Allowance for Runnymede Members be approved, but the implementation of this be deferred until the Council's financial position has improved, with the matter to be reviewed in any event by the Corporate Management Committee at an appropriate time next year;**
- ii) the method of selection of IRP Members be endorsed as put forward by the Overview and Scrutiny Select Committee, apart from the health sector also being invited to put forward two candidates and an**

appointment of one IRP Member being made from either the health sector or the education sector;

- iii) the Terms of Reference for the IRP be agreed as reported;**
- iv) the Selection Panel for the IRP be composed as put forward by the Overview and Scrutiny Select Committee;**
- v) the existing fee be retained for the next set of IRP Members; and**
- vi) service on the IRP be limited to a maximum of two terms.**

414. FINANCIAL FORECAST

The Council considered recommendations from Corporate Management Committee held on 24 November 2011.

The Leader, on behalf of the Council, thanked Mr Robert Hanger, Corporate Head of Finance, for all his work and contributions for the Council over the years and wished him well for the future.

RESOLVED that –

- i) Council Tax be frozen for 2012/13 in line with the terms set by the Government and annual increases of 3% in the Council Tax be assumed for the remaining years of the Forecast;**
- ii) the revenue developments identified in the Financial Forecast for each service be approved;**
- iii) a 5% increase in general fees and charges in 2012/13 be approved, apart from those fees and charges where specific targets exist or where commercial considerations take precedence;**
- iv) savings targets be set of £271,000 for 2012/13, £488,000 for 2013/14 and £33,000 for 2014/15;**
- v) the replacement reserves totalling £1,189,000 be disestablished and the balance be transferred to the General Fund Working Balance;**
- vi) a prudent minimum level of the General Fund working balance of £2 million be set;**
- vii) the General Fund capital programme be approved; and**
- viii) the Financial Forecast for the five year period to 2016/17 be approved and be used to form the basis for drawing up detailed service budgets for 2012/13.**

415. CALENDAR OF MEETINGS 2012/13

The Council considered a recommendation from Corporate Management Committee held on 24 November 2011.

RESOLVED that -

- i) the Calendar of Meetings for the Municipal Year 2012-2013 be approved as attached at Appendix 'A' and as set out in diary form at Appendix 'B'; and**

- ii) **the possibility of the Licensing and Regulatory Committees being held in the daytime be considered and a report be made.**

416. PROPOSED TRANSFER FROM HOUSING REVENUE ACCOUNT TO GENERAL FUND

The Council considered a recommendation from Corporate Management Committee held on 13 December 2011.

RESOLVED that –

a transfer of £1.6 million be made from the Housing Revenue Account to the General Fund.

417. NOTICE OF MOTION – COUNCILLOR BUTTERFIELD

The following Motion was moved by Councillor Butterfield and seconded by Councillor Prescott:-

‘A one page summary of the most up to date financial data should be presented by the Chief Executive or Leader at each Council Meeting, as a standing agenda item, until such time as the Council has rebuilt reserves back above £2 million’.

In accordance with Standing Order 15.6(b)(iii) the Mayor, Leader of the Council and Chief Executive had agreed that this Motion could safely be determined by Council, rather than referred to the appropriate Committee.

Generally, it was considered that the information required was available and in greater detail than could be provided on a one page summary. It was considered that the financial reports required to be produced under the new Performance Management Framework would provide necessary information without the necessity to provide a one page summary.

Upon the Motion being put to the vote, the Motion was declared to be lost.

Mayor

(The meeting ended at 9.05pm)