

## NOTES OF INFORMAL MEETING BETWEEN DCC CLLR ROBERT GOULD AND JIM BIGGIN OF ACRA

1. The meeting was held at DCC on Wednesday 17<sup>th</sup> July 2013 with the objectives of:
  - 1.1. Continuing discussions that had started with Cllr Havelock until his retirement and had then progressed with Cllr Flower until his recent change of responsibilities
  - 1.2. To reach an understanding of where DCC has got to in its drive for financial efficiency and the nature of anticipated future challenges
  - 1.3. To enable ACRA to communicate this understanding to its members
2. Final DCC results for 2012-13 indicate an overspent demand-led services budget more than counter balanced by an underspent centrally controlled budget leading to a small increase in general balances. This represents an achievement by DCC Councillors and Officers.
3. Thanks largely to Central Government there is still uncertainty over plans for 2013-14 and it is not anticipated that these will be resolved until autumn 2013 when a full review will be carried out. However, Public Sector Borrowing Requirements continue to give cause for concern whilst inflation rates remain above target (and are increasing) and future economic growth rates are at best uncertain.
4. The initial estimates for 2013-14 showed an income shortfall of £19 million. This has now been offset by internal cost savings. The current estimates indicate a shortfall of income in 2014-15 of £13.5 million and a further shortfall of £13.1million in 2015-16. *Purely for planning purposes*, both of these figures assume a 2% increase in Council Tax in both years (NB. no decision on future rates of Council Tax will be taken until this coming autumn). The DCC drive for greater internal efficiency will continue and will contribute to reducing these shortfalls.
5. In looking ahead to 2014-15 and 2015-16 Central Government is expecting to continue to reduce the cost of Local Government by around a further 10% in real terms. This scenario is a direct encouragement for Local Authorities to make themselves less dependent upon Central Government by generating local sources of income, perhaps by utilising the Business Rates Retention Scheme – a simple concept made complex by Civil Service rules and requirements.
6. Central Government continues to tinker with Council Tax for what appear to be overtly political reasons.
  - 6.1. Grants will be available to facilitate the freezing of Council Tax in 2014-15 and 2015-16. Such freezing leaves Council Tax rates out of kilter with other prices for services that are routinely adjusted for inflation and represents a further squeeze upon Local Government finances.
  - 6.2. At some point the grants will be removed but it will be virtually impossible to then raise rates of Council Tax enough to claw back the lost ground.
  - 6.3. A Council is likely to be able forego the grant whilst increasing Council Tax by up to 2%, well below inflation levels. This will possibly be the soundest financial course in the medium term.
7. Central Government is making separate funds available to enable Local Councils to better cooperate the one with another. In addition funds will be available to both the local NHS providers and Local Councillors to facilitate closer working leading to more integrated local services.
8. Of £28.8 million caught up in the Icelandic Bank problem, £17.6 million has now been recouped. This process will continue and may at some point include accepting a discounted one-off immediate payment in lieu of future instalments

9. It was agreed that our next meeting should be in November 2013

Jim Biggin

21<sup>st</sup> July 2013