

Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 9 February 2016, starting at 6.30pm
Present: Councillor S Hirst (Chairman)

Councillors:

J Alcock	G Mirfin
S Bibby	M Robinson
R Elms	J Rogerson
R Hargreaves	I Sayers
T Hill	D T Smith
K Hind	R J Thompson
A Knox	

In attendance: Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

Also in attendance: Councillors M Fenton and N Walsh.

584 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillor S Hore.

585 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no pecuniary and non-pecuniary declarations of interest.

586 PUBLIC PARTICIPATION

There was no public participation.

587 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2016/17 and the offer to Councils for future years. This was four year settlement with the figures for 2017/18 and beyond being conditional on the Council publishing an efficiency plan.

The Director of Resources outlined the provisional settlement for four years highlighting that the revenue support grant becomes zero by 2019/20 and that a tariff adjustment of £109k would be charged, ensuring that the revenue support funding would become negative.

The Government announced it was consulting on delivering savings to the New Homes Bonus that might include:

- reducing the number of years of payments under the scheme from 6 down to 4 or even 3 or 2 years;

- withholding NHB where no Local Plan was in place;
- reducing payments for homes built on appeal
- only making payments for delivery above a baseline representing dead weight.

Within the 4 year provisional grant settlement figures an indication was given of the Government's intentions to reduce our New Homes Bonus allocation by £500k by 2019/20.

There were no changes to the current business rates retention scheme for 2016/17 and there was only one new pool for next year which is the Lancashire Business Rates Pool.

The Government have announced a new Rural Services Delivery Grant to recognise the increased cost of delivering services in rural areas and the 4-year provisional figures indicated an increase from £26,647 in 2016/17 to £86,603 in 2019/20.

With regards to Council Tax the settlement announced that the referendum principle for 2016/17 was proposed to be 2% with the exception of Police and Crime Commissioners and the Shire District Authorities which are in the lowest quartile by Council Tax level for which a higher limit of either 2% or £5 (on a Band D bill) applies. Social Care Authorities would also be able to increase their Council Tax by up to a further 2% over the existing referendum threshold.

The report also went on to include details about the Better Care Fund, flexible use of capital receipts, funding for lead local flood authorities and the spending power which includes the assumption that the Borough Council would take advantage of their permission to increase the Council Tax by £5 being in the bottom quartile of all districts in terms of the Band D Council Tax at £140.69.

The Director of Resources then informed Committee that the final grant settlement had been announced on the 8 February 2016 which confirmed that the revenue support grant would disappear as Councils move to 100% business rate retention and that it was clear the Government's intention that Councils would become locally financed from Council Tax and Business Rates. However the Secretary of State had also announced other significant changes:

- Extension of the deadline until 14 October 2016 for Councils to sign up to the 4-year settlement offered the Government.
- Additional resources to be made available in the form of a transitional grant for those facing the most severe reductions in RSG in the first 2 years.
- A review of the needs formula.
- A recognition of the particular costs of providing services in sparse rural areas.
- That the tariff adjustment (RSG negative) will be scrapped for 2017/18 and 2018/19 and consultation on allowing well-performing Planning Departments to increase their fees in line with inflation.

The impact of this final settlement for Ribble Valley was as follows:

- In 2016/17 a new transition grant of £20,424 and in 2017/18 of £20,345 would be received.
- The Rural Services Delivery Grant will increase from £26,647 to £107,254 in 2016/17 and in 2017/18 the Rural Services Delivery Grant will increase from £46,632 to £86,603.
- In 2018/19 and 2019/20 the figures for the Rural Services Delivery Grant would remain as shown in the provisional settlement at £66,618 and £86,603 respectively.

RESOLVED: That the report be noted.

588 OVERALL REVISED CAPITAL PROGRAMME 2015/16

The Director of Resources submitted a report informing Committee of the Overall Revised Capital Programme. This had been approved by Full Council in March 2015 and regular reports had been presented quarterly to all Committees on progress. The total approved Capital Programme for 2015/16 was £1,223,880 covering 19 schemes. Each of these schemes had been discussed with budget holders and the programme revised to reflect their progress and estimated full year expenditure. The Revised Capital Programme now showed a reduction £42,880. The reasons being:

- the all-weather pitch lighting scheme of £20,000 had been removed and resubmitted as a capital bid for 2018/19 Capital Programme;
- four mower purchase schemes were completed in the first part of the year with a combined underspend of £19,856; and
- the installation of cemetery infrastructure scheme was completed in the first part of year with an underspend of £1,446.

This meant that the Overall Revised Capital Programme for 2015/16 was £1,181,000. Actual expenditure as at the end of December 2015 was £685,900 which equated to 58% of the revised estimate. It was anticipated that the majority of the balance would be spent by the end of the financial year.

The report went on to outline how the Capital Programme had been financed with a summary of the movements on available capital resources.

The Overall Revised Capital Programme for 2015/16 is £1,181,000 for 18 schemes; this was a reduction of £10,000 from the Original Capital Programme approved at this time last year. The decrease was due to £30,150 slippage from the 2014/15 Capital Programme budget and a £2,730 approval of an additional scheme during the year, set against a £42,880 reduction in the overall cost of Capital Programme schemes when reviewed at revised estimate stage.

RESOLVED: That Committee approve the Overall Revised Capital Programme for 2015/16.

OVERALL CAPITAL PROGRAMME 2016/19

The Director of Resources submitted a report recommending a Capital Programme for 2016/19 to Full Council on 1 March 2016. All Heads of Service had been asked to submit capital bids, bearing in mind the limited financial resources that were available to finance the Capital Programme. Full details of all these bids had been presented to Members during the recent committee cycle as part of the forward Capital Programme reports. The Budget Working Group and Corporate Management Team had also met to consider the draft programme and made a number of proposals/amendments.

Details of the schemes originally approved in the Capital Programme for 2016/17 and 2017/18 were outlined for Committee's information. In reviewing the available resources for any new schemes and balancing the needs of revenue, there was a recommended maximum level of resources that would be made available for new capital bids; this totalled £481,000.

The summary of the new bids and amendments to the previously approved Capital Programme were outlined for Committee to consider and based on the available resources detailed previously in the report, it was not possible for all the bids to be approved in to the forward Capital Programme.

The report outlined the recommendations of both the Budget Working Group and the Corporate Management Team with regards the new bids that had been submitted and how they could be resourced. A final proposed Capital Programme was summarised for Committee to consider.

Committee	2016/17 £	2017/18 £	2018/19 £
Community Services	374,500	453,610	679,600
Policy and Finance	100,000	26,000	147,750
Planning and Development	30,200	0	0
Health and Housing	411,000	211,000	211,000
TOTAL OF ALL SCHEMES	915,700	690,610	1,038,350

Committee considered the proposed Capital Programme as outlined taking into account the proposed financing of the programme and the impacts of the proposals on the capital reserve.

*** RESOLVED: That Committee recommend to Council the Capital Programme for 2016/19 as set out in Annex 4 of the report. ***

OVERALL REVENUE BUDGET 2016/17

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2015/16 and to recommend a Revenue Budget and Council Tax requirement for 2016/17 to Full Council on 1 March 2016. She gave a brief overview of the current year's revised budget for 2015/16, highlighting the main reasons for net expenditure having fallen by £396,000. She also explained

the latest estimates of business rate income and the movement in earmarked reserves. The report also outlined extra support for the Capital Programme from the anticipated additional income from trade refuse of £46,000 which should be earmarked to part from the cost of replacing the Garwood refuse vehicle which is used for trade refuse purposes and the agreement to set aside £30,200 from extra planning fee income to fund the 2016/17 capital scheme – Introduction of Planning Portal Link to the planning application system and planning system update, costing £30,200.

Following these adjustments the difference between the original and revised estimates shows a saving of £320k compared with the original estimate which would mean instead of taking £150k from general fund balances at the end of the year, there would be an addition of £170k to balances.

Turning to 2016/17 the report made reference to the Local Government Finance Settlement, the future year's Government funding, the Collection Fund and the Council Tax base.

The Director of Resources made reference to the Council Tax Freeze Grant and the Government's intention to roll this into the Revenue Support Grant in the same way as the grant in previous years. No Council Tax Freeze Grant scheme had been announced for 2016/17 onwards and it was apparent that the spending power figures announced for Ribble Valley that the Government assumed that there would be an increase to the Ribble Valley's Band D Council Tax by the full amount permitted of £5.

She highlighted the fact that the current Band D tax of £140.69 meant that Ribble Valley was in the bottom quartile of all Councils and 43rd out of 201 District Councils. The report highlighted the amount of income generated by different increases in our Council Tax level.

The Director of Resources also reminded Committee of the new settlement figures received with regard to the Rural Services Delivery Grant which would be £107,254 in 2016/17 and also the new transition grant for next year of £20,424. Overall the final settlement improved the Council's position by £101,031.

Reference was again made to the New Homes Bonus Scheme for which our allocation for next year is £1,366,884. At the end of March 2016 there would be £710k unallocated NHB carried forward.

(Councillor Mary Robinson left the meeting at 7.15pm.)

The report set out the maximum Council Tax requirement, which compared with the base budget position indicated a £310,896 gap.

With regard to the Business Rate retention scheme our NNDR1 return shows that we expect to retain Business Rates income of £408,175 of which £262,926 would be used to fund the Revenue Budget, leaving a surplus of £145,249. Reference was also made to now being part of the Lancashire Business Rate Pool which meant that a levy would no longer be paid over to the Government but instead 90% would be retained by the Council and the remaining 10% paid to the County Council.

The Director of Resources reminded Committee that the Budget Working Group had met frequently throughout the year to consider the Council's financial position and had made a number of recommendations in order to achieve an affordable budget:

- That the Band D Council Tax for 2016/17 be increased by £5, therefore increasing from £140.69 to £145.69.
- That a maximum of £200k should be used from general fund balances to finance the revenue budget shortfall.
- Following examination of how much Business Rates growth could be realistically expected that £263k be used to support the revenue budget.
- That a further £110,896 of the New Home Bonus be used to support the base revenue budget.

The Director of Resources went on to inform Committee of the robustness of the estimates and balances and reserves and outlined a recommended revenue budget for 2016/17 from the Budget Working Group for which the net expenditure would be £5,319,091 which after use of balances, would result in a net budget of £5,119,091. The Director of Resources also commented on Parish Precepts which totalled £376,779 and explained how they were incorporated into the Council Tax requirement. She also gave Committee a summary of the updated 3-year forecast for the revenue budget, assuming that the 2016/17 budget was agreed and highlighted how the budget gap increased over the next 3 years.

RESOLVED: That Committee

1. approve the revised budget for 2015/16;
2. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2016/17 as set out:

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	5,119,091
Plus Parish Precepts	376,779
	5,495,870
Less - Settlement Funding Assessment	-1,862,605
Net Requirement Before Adjustments	3,633,265
Council Tax Surplus	-47,809
Council Tax Requirement (Including Parishes)	3,585,456

- *** 3. recommend the budget and Council Tax requirement to the Full Council meeting on 1 March 2016. ***

591

MEDIUM TERM FINANCIAL STRATEGY

The Director of Resources submitted a report asking Committee to improve the Council's Medium Term Financial Strategy 2016/17 to 2018/19. This was the Council's key financial planning document and aimed to provide the Council with an assurance that the Council's spending plans are affordable over the medium term. It included a 3-year budget forecast and provides the financial foundation for the delivery of the Council's priorities.

RESOLVED: That Committee approve the Medium Term Financial Strategy for 2016/17 to 2018/19.

The meeting closed at 7.50pm.

If you have any queries on these minutes please contact Jane Pearson (425111).