

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 11 JANUARY 2017

Present: Cllrs: Hirst (Chair), P Elms, Hill, Knox, and Thompson, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 Apologies

Cllrs: Bibby, Rogerson

2 Minutes of meeting held on 23 November 2016

2.1 Members approved the minutes of the last meeting of the Budget Working Group.

3 Provisional Local Government Finance Settlement 2017/18

3.1 The Director of Resources took members through the Provisional Local Government Finance Settlement 2017/18. Information had previously been circulated to the Budget Working Group in December 2016, and the report now provided further details.

3.2 It was explained that the only change to the settlement figures announced in February had been an adjustment to our tariff which had been made to ensure the impact of the 2017 Business Rate Revaluation was revenue neutral

3.3 Members were taken through information on New Homes Bonus, Business Rates Pooling, Social Care Precept, Council Tax, Rural Services Funding and the Government's overall calculation of Spending Power.

3.4 The Grant Settlement had remained virtually as indicated in the multi-year offer announced the previous year, to which we were now signed up. The most significant concern was the changes to the New Homes Bonus Scheme.

3.5 The New Homes Bonus Scheme changes were:

- In 2017/18 allocations paid will reduce from 6 years to 5.
- In 2018/19 allocations paid will reduce further from 5 years to 4.
- A new growth baseline of 0.4% has been set for 2017/18 below which the bonus will not be paid. The Government will announce each year what the growth baseline will be.

4 Revenue Budget 2016/17 and 2017/18 – latest position

4.1 An update on the overall revised budget for 2016/17 and the budget position for 2017/18 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2016/17 were provided within the report. Overall, revised committee budgets were forecast to be £326,400 below the original estimate.

4.2 The use of general balances also showed a switch from taking £200,000 from balances at the end of the year, to adding £2,850. Earmarked reserves were forecast to increase from adding £769,954 to adding £904,504.

4.3 For the 2017/18 original estimate, committee expenditure was set to decrease by £170,774 compared to the original estimate for 2016/17. Again the main variances were provided within the report.

- 4.4 Members were then taken through the revised net movement in 'other' items, including Interest, New Homes Bonus, Rural Delivery Grant and LCTS payments to parishes. This area was forecast to see a £177,562 increase in net income. Looking at earmarked reserves, there was a forecast of £289,738 more being added, compared to the original estimate 2016/17.
- 4.5 The impact of the latest position on the council tax was discussed, and a number of scenarios were provided to members. Use of New Homes Bonus was also discussed with members, as was the position on Business Rates. It was explained that a clearer forecast for Business Rates should be available for the next meeting as the NNDR1 return was due for submission in the coming weeks.
- 4.6 It was explained to members that the growth in the council taxbase alone would mean that the council would see additional council tax income next year of £66,580 with no change to our Band D council tax.
- 4.7 Growth items and budget pressures were discussed, particularly planning appeals and also the ending of cost sharing
- 4.8 Members were asked for a number of decisions to be made in order to further progress the budget for 2016/17:

- ❖ Firstly do you agree to use balances of £250,000 to support the revenue budget? (revenue balances brought forward at 1 April 2016 were £2.679m).

BWG Response: It was agreed that use of balances be set at £250,000

- ❖ A further three considerations were put to Budget Working Group:

1. **Examination of how much business rates growth we can realistically expect to rely on** – *unclear until we have produced our NNDR1 return for 2017/18 how much growth we could expect to receive (if any) – further work needed.*

Does the BWG agree that we look to maximise how much growth we bring in to next year's budget?

BWG Response: It was agreed to review after completion of NNDR1.

2. **How much New Homes Bonus we can use to support the revenue budget** – *given the changes our future allocations will be reduced under the scheme and we cannot be certain of these due to the new growth baseline which the Government will decide each year. We currently rely on £787k to support revenue.*

Does the BWG agree that we should not increase our reliance on our New Homes Bonus funding to finance our revenue budget for 2017/18?

BWG Response: It was agreed that this would be looked at further together with the outcomes from the completion of NNDR1

3. **Whether our council tax should be increased or frozen for 2017/18** – *We increased our council tax by £5 last year from £140.69 to £145.69*

BWG Response: A discussion took place whether a council tax increase was necessary next year. This needed further consideration and would be discussed again at the next meeting of Budget Working Group

5 Five Year Capital Programme 2017/18 – 2021/22

- 5.1 The Head of Financial Services took members through a report on the Five Year Capital Programme 2017/18 – 2021/22. The report examined the existing two approved years 2017/18 and 2018/19 and how these years had been financed. Also included were the new bids that had been submitted for the final three years of the programme.
- 5.2 There were 26 new bids totalling £3.9m. Members were asked to:
- 1) **Consider the new schemes that have been put forward** – there was some discussion largely around whether or not there was a need for additional parking. It was suggested that CMT consider the schemes that had been submitted
 - 2) **Consider whether there are any other schemes members would like to consider** – there was comment that the capital programme should also include schemes in some of the larger service centres namely Whalley.
- 5.3 Members were then taken through issues around financing the capital programme. Notably the changes to New Homes Bonus were highlighted as were the forthcoming changes to the reimbursement rate under the VAT shelter, which would also come to an end in 2022/23.
- 5.4 Other sources of financing were also referred to including external funding, Capital Reserve, Capital Receipts and Borrowing.
- 5.5 It was explained that the proposals were clearly not affordable in their entirety and members were asked to:
- 1) **Identify and Consider how much of our resources should be allocated to fund the future capital programme** - It was suggested that CMT consider the level of funding alongside their considerations on the schemes that should be progressed in to the final capital programme.

6 Any Other Business

- 6.1 The Voluntary Organisation Grants scheme was discussed. It was agreed that this should be revised so that;
- lobbying of members or officers would lead to disqualification
 - the decision of the working group/committee was final

7 Date and Time of Next Meeting

4pm Wednesday 18 January 2017 in Committee Room 1

Apologies given in advance by Cllr Knox and Cllr Rogerson