

Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 6 February 2018, starting at 6.30pm
Present: Councillor K Hind (Chairman)

Councillors:

J Alcock	S Hirst
S Atkinson	A Knox
S Bibby	G Mirfin
A Brown	I Sayers
P Elms	R Swarbrick
T Hill	

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

Also in attendance: Councillor S Hore.

590 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors M French, J Rogerson and D Smith.

591 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

592 PUBLIC PARTICIPATION

There was no public participation.

593 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2018/19

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2018/19. The 2018/19 grant settlement announced last December gave Councils indicative figures for a four year period up to 2019/20 ie a 4 year funding deal subject to Councils publishing an efficient plan. Our efficiency plan was submitted to the Government on 13 October 2016 and confirmation was received that we were placed on the multi-year settlement.

She informed Committee that having signed up to the multi-year settlement the announcement confirms the third year of the offer; the only change from the provisional figures announced was an adjustment to our business rates tariff due to the impact of the 2017 business rate evaluation.

The Government announced no changes to the New Homes Bonus therefore the baselined remained at 0.4% and no reductions will be made with regard to planning appeals. However the allocation reduces to 4 years of cumulative payments from next year as opposed to 5 years in 2017/18. The impact on Ribble Valley for 2018/19 meant a reduction from £1,577,000 in 2017/18 to

£1,573,000 for this year. The report went on to include details regarding Business Rates and Council Tax.

The Director of Resources informed Members that the final grant settlement had been announced that afternoon which would be analysed over the coming days. We could expect to receive an additional £20,000 in rural services delivery grant which would increase it to £107,921 for 2018/19.

A small increase in our New Homes Bonus was also to be expected.

The report also set out the core spending power for the Council as determined by the Government. The Director of Resources informed Members that the Government had announced the Fair Funding Consultation which ends on 12 March 2018 which would impact on how all Councils are to be funded in the future.

RESOLVED: That Committee

1. note the report; and
2. and that a response to the fair funding review consultation be delegated to the Director of Resources in consultation with the Budget Working Group.

594 OVERALL REVISED CAPITAL PROGRAMME 2017/18

The Director of Resources submitted a report informing Committee of the Overall Revised Capital Programme for 2017/18. The original programme had been approved by Full Council in February 2017 and regular reports had been presented to all Committees on progress with the schemes. The total approved Capital Programme for 2017/18 was £1,576,570 covering 27 schemes. The revised estimate for each of these schemes had been determined following discussion with budget holders regarding their progress and estimated full year expenditure. The Revised Capital Programme now showed as £1,274,220 for 24 schemes, a reduction of £302,350; there were a variety of reasons for this reduction.

Actual expenditure on all schemes at the end of December 2017 was £646,338 which equated to 50.7% of the revised estimate. The main reasons for the underspend were highlighted for Committee's information.

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

RESOLVED: That Committee approve the Overall Revised Capital Programme for 2017/18.

595 FIVE YEAR CAPITAL PROGRAMME 2018/19 TO 2022/23

The Director of Resources submitted a report recommending a Capital Programme for 2018/19 to 2022/23 to Full Council on 6 March 2017. All Heads of Service have 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 have been presented to Members during the recent Committee cycle as part of the forward Capital Programme reports.

The Capital Programme for the 2018/19 to 2021/22 financial years had already been approved in February 2017 at the special meeting of the Policy and Finance Committee; no bids had previously been considered for the 2022/23 financial year.

The Budget Working Group and Corporate Management Team had met to consider the draft programme and made a number of proposals/amendments.

The review considered whether the bids merited inclusion and how they could be financed. The report outlined the Budget Working Group and Corporate Management Team recommendations. The financing of the Capital Programme would rely heavily on the use of earmarked reserves, including the use of Business Rates Growth.

The final proposed Five Year Capital Programme was summarised for Committee to consider.

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
Community Services	712,200	1,979,320	354,120	282,000	685,800	4,013,440
Economic Development	100,000	0	0	0	0	100,000
Health and Housing	522,000	347,000	360,500	360,500	347,000	1,937,000
Planning and Development	0	14,500	0	0	0	14,500
Policy and Finance	156,420	45,000	0	0	358,500	559,920
TOTAL	1,490,620	2,385,820	714,620	642,500	1,391,300	6,624,860

Committee	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
New Homes Bonus Earmarked Reserve	-209,000	-313,600	-272,000	-272,000	0	-1,066,600
Business Rates Growth Earmarked Reserves	-54,656	0	0	0	-468,097	-522,753
Other Earmarked Reserves	-754,964	-233,900	-132,120	-60,000	-229,703	-1,410,687
External Funding	-297,000	-519,240	-297,000	-297,000	-297,000	-1,707,240
Usable Capital Receipts	0	-89,080	-13,500	-13,500	-396,500	-512,580
Borrowing	-175,000	-1,230,000	0	0	0	-1,405,000
TOTAL	-1,490,620	-2,385,820	-714,620	-642,500	-1,391,300	-6,624,860

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 Full Council the Capital Programme for 2018/19 to 2022/23 as set out in Annex 1 of the report. ***

596 OVERALL REVENUE BUDGET 2018/19

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2017/18 and to recommend a Revenue Budget and Council Tax requirement for 2018/19 to Full Council on 6 March 2018.

She gave a brief overview of the current year's revised budget for 2017/18 highlighting the main reasons for net expenditure having increased by £33k.

A significant element of our income is Business Rate growth and the Director of Resources outlined the latest estimate of Ribble Valley's share of Business Rate income for the current year, also showing the changes due as a result of the 2017 re-evaluation. This would give total Business Rate income of £1,179,518. When setting the original budget it had been agreed to use £275,514 of the Business Rate income to fund the Revenue Budget; therefore the estimated difference of £904k would be added to the Business Rate volatility reserve.

She highlighted the forecasted transfers to and from earmarked reserves compared with the original estimate and also gave summary of the changes. This shows that instead of taking £250k from general fund balances at the end of the year, based on these revised estimates we would be taking £283k from balances.

The Director of Resources went on to highlight the provisional grant settlement for 2018/19 along with the rural services delivery grant and future years' Government funding.

The report went on to detail the Council Tax base and the Council Tax referendum criteria. The Director of Resources highlighted the fact that current Band D tax of £145.59 meant that Ribble Valley was in the bottom quartile of all Councils at 38th out of 201 District Councils and the lowest across Lancashire districts. The report highlighted the potential amount of income which could be generated by increasing our Council Tax by £5 (the maximum allowed) for next year.

Reference was made to the New Homes Bonus Scheme. She outlined how the New Homes Bonus Scheme is used to support both the Revenue Budget and the Capital Programme.

With regard to the Business Rate Retention Scheme our NNDR 1 return for 2018/19 shows that we expect to retain Business Rate income of £1,316,585 of which £275,514 will be used to fund the Revenue Budget leaving a surplus of £1,041,071; this included a retained levy from the Lancashire Business Rate Pool of £577,320.

It was stressed these figures may change due to the impact of the 2017 revaluation on our tariff and the necessary adjustment.

She drew Members' attention to the fact that the estimated balance on the volatility reserve at the end of this financial year will be £1.682m. This had now reached a level which was more than sufficient to provide our own safety net protection which we have had to forego as a Pool member. We are now in a more sustainable position and therefore we can use any Business Rate Growth to fund both the Revenue Budget and Capital Programme.

With regard to the Revenue Budget for 2018/19 the Committee expenditure was set to increase by £408k; the reasons for this were varied and had been reported to Service Committees in budget reports. There were some significant changes in 2018/19 which would affect the budget, which included:

- 20% increase in planning fees with the income raised being used to fund the cost of the new Director of Economic Development and Planning;
- the cessation of the Cost Sharing arrangement with LCC; this has resulted in a loss of income of £431,900, partially offset by the proceeds from the sale of paper estimated at £47,600 which we have assumed will be retained by the Council; net loss of income therefore £384,300; an
- the recent pay offer made by the National Employers' for Local Government Services to the staff side being significantly higher than the 2% allowed for in the Committee estimated. A contingency of £75,000 had therefore been added.

After adding the contingency to the budget the total budget gap is £818,486.

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 a maximum of £250k should be used from general fund balances to finance the Revenue Budget shortfall.
- Following examination of Business Rates growth and in the light of the budget gap we are faced with in future years the Budget Working Group recommend using around £400k per annum extra of our Business Rate growth income to support the Revenue Budget. It was also recognised that over the next 3 years this amount may need to be profiled ie less used next year with more used in year 3 and they therefore recommended using an extra £200k of our growth taking the total to £475,514 for 2018/19.
- That an extra £311,921 of the New Homes Bonus be used to fund the Revenue Budget taking it to £1.105m.
- That there be an increase of £5 in our Band D Council Tax for 2018/19 taking it to £150.69.

The Director of Resources went on to inform Committee of the robustness of the estimates and adequacy of the Council's balances and reserves.

She outlined the recommended Revenue Budget for 2018/19 with net expenditure of £5,125,481 which after use of balances, would result in a net budget of £4,933,425.

The Director of Resources also commented on the Parish Precepts which totalled £435,183.

She gave Committee a summary of the updated 3 year budget forecast for the Revenue Budget assuming that the 2018/19 budget was agreed and highlighted the budget gap over the next 3 years.

*** RESOLVED: That Committee

1. approve the revised budget for 2017/18;
2. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2018/19 as set out:

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	4,933,425
Plus Parish Precepts	435,183
	5,368,608
Less - Settlement Funding Assessment	-1,411,972
Net Requirement Before Adjustments	3,956,636
Council Tax Surplus	-70,351
Council Tax Requirement (Including Parishes)	3,886,285

3. recommend the budget and Council Tax requirement to the Full Council meeting on 6 March 2018.

597 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That by virtue of the following of business being exempt information under Category 3 of Schedule 12A of the Local Government Finance Act 1972 the press and public be now excluded from the meeting.

598 REFERENCE FROM PERSONNEL COMMITTEE – DIRECTOR OF PLANNING AND ECONOMIC DEVELOPMENT

The Director of Resources submitted a report asking Committee to consider a reference from Personnel Committee with regard to a proposal to amend the Job Description and Person Specification for the post of Director of Economic Development and Planning and re-advertise the vacancy.

The vacancy had been advertised in October 2017 and interviews had taken place in December 2017. At the end of the interviews the Sub-Committee had decided not to appoint but to review the situation. The Sub-Committee had revisited the Job Description and Person Specification and decided to make some amendments to it that the Personnel Committee had supported. The Chief Executive highlighted the amendments that had been made and informed Committee that the same Sub-Committee Members would be used to follow the process through again.

RESOLVED: That Committee approve the proposed changes to the Job Title, Job Description and Person Specification for the post of Director of Economic Development and Planning and give approval for the post to be re-advertised.

The meeting closed at 7.42pm.

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