

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 14 FEBRUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, T Hill, S Hirst, A Knox and J Rogerson, Chief Executive, Director of Community Services, Director of Resources, Head of Financial Services.

1 Apologies

Cllr: P Elms

2 Minutes of meeting held on 24 January 2018

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

3 Medium Term Financial Strategy 2018/19 to 2021/22

3.1 The Head of Financial Services took members through the Medium Term Financial Strategy for the period 2018/19 to 2021/22.

3.2 The MTFFS was split in to two sections. The first part provided details of the last forecast position that Policy and Finance Committee considered in September 2017 and also provided the current contextual background from both a local and national perspective. The first section also explained the council's key areas of income and expenditure and the position on the capital programme.

3.3 The second part of the MTFFS covered the details that had previously been submitted to the government with regard to the council's Efficiency Plan and also looked at the latest forecast medium term revenue position. Furthermore the MTFFS looked at the risks and sensitivity surrounding the forecast and explained the financial management arrangements that the council have in place.

3.4 There was discussion on the various sections of the MTFFS and the Budget Working Group fully endorsed the MTFFS for approval by Policy and Finance Committee.

4 Fair Funding Consultation

4.1 The Director of Resources circulated the technical consultation on relative need '*Fair Funding: a review of relative needs and resources*'.

4.2 Members were taken through some of the sections of the consultation document, including the section on how the allocation of local government resources had changed and evolved over past years.

4.3 The role played by the Rural Services Network and their financial lobbying in Government about the cost of delivering services in rural areas was also discussed.

4.4 It was agreed that a further meeting would be arranged to look at the council's response to the consultation. It was agreed to hold this meeting on 7 March 2018 at 3pm.

4.5 The council's response would aim to echo the sentiments made by the submissions of the DCN and Rural Services Network, where they supported this council's position.

5 Any Other Business

5.1 There were no other items of business.

5.2 The meeting was followed by the meeting with national non-domestic rate representatives about our 2018/19 budget proposals

6 Date and Time of Next Meeting

3pm Wednesday 7 March 2018 in Committee Room 1

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 24 JANUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, Hill, Hirst, Rogerson, Chief Executive, Director of Resources, Director of Community Services and Head of Financial Services.

1 Apologies

Cllrs:A Knox, P Elms

2 Minutes of meeting held on 18 January 2018

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

3 Revenue Budget 2017/18 and 2018/19 – latest position

3.1 An update on the revised budget for 2017/18 and the latest budget position for 2018/19 was provided to members by the Director of Resources..

3.2 Since the last meeting the estimates of how much business rates the council could expect to receive in the current year and in 2018/19 had been finalised. It was explained that the figures should be treated with caution due to some uncertainties regarding adjustments to our tariff as a result of the impact of the 2017 revaluation. The revised estimate of business rate growth for the current year was £1.2m which after allowing for how much was to be used to fund the revenue budget (£275k) meant that around £929k would be added to the volatility reserve at the end of the current financial year. In 2018/19 it was estimated we would receive around £1.3m of growth and therefore it was suggested we could rely on using more of this growth to fund the base revenue budget in the future.

3.3 Overall the Revenue Budget for 2018/19 predicted a budget gap of £818k

3.4 A discussion took place regarding the options considered at the last meeting in order to bridge this gap. Members were still minded not to introduce charges for green waste.

3.5 The Budget Working Group therefore confirmed their recommendations as follows in order to produce a balanced budget:

	£
Total of Committees	6,641,040
Add Contingency	75,000
Total Expenditure	6,716,040
Other Items	-2,736,361
Less Added to/(taken from) Earmarked Reserves	1,657,723
Further Use of New Homes Bonus	-311,921
Further use of Business Rate Growth	-200,000
Use of General Balances (balancing figure)	-192,056
Net Budget	4,933,425
Less: Business Rates Baseline	-1,302,823
Revenue Support Grant	-109,149
Council Tax Surplus	-70,351
Council Tax income	-3,336,592
Increase in Council Tax (22,902*£5)	-114,510
Financed by	4,933,425

3.6 The Director of Resources explained that the report to the special Policy and Finance Committee meeting would be based on these recommendations

- 3.7 She added that the Final Local Government Grant Settlement for 2018/19 was expected to be announced before the Parliamentary recess on 8 February 2018. As in previous years it was anticipated the use of our general fund balances would be adjusted to reflect any changes to our settlement.

4 Five Year Capital Programme 2018/19 – 2022/23

- 4.1 The Head of Financial Services updated members with progress since the last meeting in order to recommend a five year capital programme. He reminded the group that at their last meeting they had asked CMT to consider the draft programme and make recommendations to the next meeting of the BWG in order to agree an affordable capital programme.
- 4.2 He took the group through the suggestions of the CMT in some detail and highlighted that it was recommended that in the future business rate growth also be used to fund the capital programme.
- 4.3 Members agreed with the proposals which resulted in a five year capital programme totalling £6.620m.
- 4.4 After discussion the BWG agreed to recommend the capital programme to the special meeting of the Policy and Finance Committee.

5 Date and Time of Next Meeting

3pm Wednesday 14 February 2018 in Committee Room 1 meeting of the BWG followed by

4pm Wednesday 14 February 2018 statutory meeting with Representatives of Business Rate Payers

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 18 JANUARY 2018

Present: Cllrs: K Hind (Chair), A Brown, P Elms, T Hill, and Hirst, Chief Executive, Director of Resources, Head of Financial Services.

1 Apologies

Cllrs: Knox, Rogerson

2 Minutes of meeting held on 30 November 2017

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

3 Revenue Budget 2017/18 and 2018/19 – latest position

3.1 An update on the revised budget for 2017/18 and the latest budget position for 2018/19 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2017/18 were provided within the report. Overall, revised committee budgets were forecast to be £34,580 below the original estimate.

3.2 The use of general balances also showed a likely increase from taking £250,000 to taking £282,890. Earmarked reserves were forecast to increase from adding £1,657,879 to adding £1,759,465.

3.3 Looking forward to the 2018/19 original estimate, committee expenditure was set to increase by £407,500 compared to the original estimate for 2017/18. Again the main variances were provided within the report.

3.4 Looking at earmarked reserves, there was a forecast of £156 less being added, compared to the original estimate 2017/18.

3.5 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 by the end of January.

3.6 It was explained to members that the growth in the council taxbase alone would mean that the council would see additional council tax income of £61,335 at current Band D charge levels.

3.7 Growth items and budget pressures were discussed. Committees had been informed of the guidance from the BWG that any growth items to the budget would need to be funded from identified savings.

3.8 Overall the Revenue Budget for 2018/19 predicted a budget gap of £818k

3.9 Members were asked for a number of decisions to be made in order to achieve a balanced budget: These were:

1. **Use of Balances.** *Do you confirm the use of balances of £250,000 to support the revenue budget? (general revenue balances at 1/4/17 = £2.717m)*

The BWG recommended taking £250,000 from General Fund Balances

2. **Council Tax** *Do you recommend a £5 increase in our band d council tax? This would take our band d charge to £150.69 and would equate to a 3.4% increase on the current year's charge.*

The BWG recommended a £5 increase in our Band D Council Tax

3. **New Homes Bonus**– following detailed consideration of our new homes bonus funding at your meeting on 27 September 2017 and the confirmation as part of the grant settlement announcement of our unchanged allocation for next year, do you agree to increase the amount used to support the revenue budget by £311,895 taking the total amount to £793,079 + £311,895 = £1,104,974?. I would suggest rounding this to £1,105,000.

The BWG recommended using £311,921 extra of our New Homes Bonus monies taking the total to £1,105,000.

4. **Business rates growth** – following detailed consideration of business rate growth at your meeting on 18 October 2017 do you agree to increase the amount of business rate growth/retained levy under pooling used to support the revenue budget by upto £400,000per annum.

However as highlighted during your last meeting when looking at our budget model it is recognised that this amount may need to be profiled over the next 3 years ie a lower amount may be needed next year and a higher amount in 2020/21. (Eg 2018/19 extra £200k, 2019/20 extra £400k, 2020/21 extra £600k). This would take our use of business rate growth (above our baseline funding level) to £275,514 + £200,000 = £475,514. Our NNDR1 return for 2017/18 is currently being prepared and upon its completion we will know how much growth we could expect to receive in 2018/19.

The BWG recommended using an extra £200k of our business rate growth taking the total to £475,514.

- 3.10 The Director of Resources agreed to factor these recommendations into the updated budget summary and report to the next meeting of the BWG.

4 Provisional Local Government Finance Settlement 2017/18

- 4.1 The Director of Resources took members through the Provisional Local Government Finance Settlement for 2018/19. Information had briefly been circulated to members in December 2016, and the report now provided further details.

5 Five Year Capital Programme 2018/19 – 2022/23

- 5.1 The Head of Financial Services took members through a report on the Draft Five Year Capital Programme 2018/19 – 2022/23. The report examined the existing two approved years 2018/19 and 2019/20 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 After some discussion the BWG asked CMT to consider the draft programme and make recommendations to the next meeting of the BWG in order to agree an affordable capital programme.

6 Date and Time of Next Meeting

4pm Wednesday 24 January 2017 in Committee Room 1

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 30 NOVEMBER 2017

Present: Cllrs: K Hind (Chair), A Brown, P Elms, A Knox, T Hill and J Rogerson, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 **Apologies**

Cllr: S Hirst

2 **Minutes of meeting held on 18 October 2017**

- 2.1 Members approved the minutes of the last meeting of the Budget Working Group.
- 2.2 Reference was made to minute 3.2 (Lancashire Business Rates Pool) and it was explained that DCLG had requested a copy of the agreement for the Lancashire Business Rates Pool for 2018/19 and the position was looking positive at the moment.
- 2.3 The final decision on the pool would ultimately be down to ministers and it was anticipated that there would be an announcement at the time of the finance settlement around mid-December.

3 **Autumn Budget 2017 – announced Wednesday 22 November 2017**

- 3.1 The Director of Resources circulated a copy of the Local Government Association (LGA) Autumn Budget 2017 - On the Day Briefing.
- 3.2 A number of elements of the budget were highlighted within the document, namely:

Business Rates Measures

- Bringing forward to 1 April 2018 the planned switch in indexation from RPI to the main measure of inflation (currently CPI).
- Legislating retrospectively to address the so-called 'staircase tax' (this refers to the Supreme Court judgement on the Mazars case which concerned valuation on non-contiguous areas within buildings).
- Continuing the £1,000 business rates discount for public houses with a rateable value of up to £100,000.
- Increasing the frequency with which the VOA revalues non-domestic properties by moving to valuations every three years following the next revaluation.
- Key to all of the above, local government would be fully compensated for the loss of income as a result of these measures.

Council Tax

- The Government is keen to encourage owners of empty homes to bring their properties back in to use. To help achieve this, local authorities will be able to increase the council tax premium from 50 per cent to 100 per cent.

Support for Electric Vehicles

- To support the transition to zero emission vehicles, the Government will regulate to support the wider roll-out of charging infrastructure

- 3.3 The Leader made reference to Community Infrastructure Levy (CIL) and Section 106 Agreements which were both referenced within the budget with regard to Developer Contributions. It was asked that a comparison be undertaken between what the council had received under Section 106 in the last year and what could potentially have been received under CIL.

- 3.4 It was acknowledged that it would be a difficult exercise based on the many variations of CIL in operation, and the reasons for those variations being in place.
- 3.5 Acknowledgment was also given of the substantial amount of Section 106 monies that are currently being received.
- 3.6 The Chief Executive also mentioned that an increase to in-year Disabled Facility Grant had been referred to in the budget. It was agreed that as soon as anything further was heard on this then a report would be presented to members.

4 Financial Modelling 2018/19 onwards

- 4.1 The Director of Resources presented the Budget Working Group with a financial modelling tool for use within the meeting. The starting point used in the modelling was the budget forecast that had been reported in September 2017 to Policy and Finance Committee.
- 4.2 It was hoped that the tool would provide a fuller picture to members of the overall position for the three years and the flexibilities that were available to achieving a balanced budget.
- 4.3 At previous meetings the Budget Working Group had focused on new homes bonus and business rates. These elements were now brought together within the modelling tool, based on the discussions at the previous meetings.
- 4.4 Other impacts were highlighted, as were some of the flexibilities available within the budget review process – notably these looked at:
- charges for green waste
 - council tax levels
 - pay levels
 - increased planning fees and their use
 - paper and card income
 - the additional income likely to be achieved by committees above a 2% increase, based on the fees and charges now approved.
- 4.5 Having seen the elements of the modelling pulled together, the Budget Working Group were minded, at this stage, not to bring in charges for green waste.

5 Any Other Business

- 5.1 There were no additional items of business.

6 Date and Time of Next Meeting

- 6.1 The next meeting was agreed as Thursday 14 December 2017 at 4pm in the **Council Chamber** (subject to the announcement of the provisional local government finance settlement).