

## Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 5 February 2019, starting at 6.30pm  
Present: Councillor S Atkinson (Chairman)

Councillors:

R Bennett	A Knox
S Bibby	G Mirfin
A Brown	I Sayers
K Hind	R Swarbrick

In attendance: Chief Executive, Director of Resources, Director of Community Services, Director of Economic Development and Planning, Head of Financial Services.

Also in attendance: Councillors M Fenton, S Hore and N Walsh.

### 629 APOLOGIES

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

### 630 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

### 631 PUBLIC PARTICIPATION

There was no public participation.

### 632 VOLUNTARY ORGANISATION GRANT WORKING GROUP

The Chairman explained that the Voluntary Organisation Grant Working Group would need to meet to consider the grant applications for next year shortly. Following change to the Committee he asked for nomination to the Working Group.

RESOLVED: That Councillors K Hind, S Atkinson, S Bibby and M Robinson be nominated to serve on the Voluntary Organisation Grant Working Group.

### 633 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2019/20

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2019/20. The Local Government Finance Settlement is the annual determination of funding to Local Government and is approved by the House of Commons.

The Secretary of State for Housing Communities and Local Government, James Brokenshire, issued a written Ministerial Statement to the House of Commons which set out the Local Government Finance Settlement for 2019/20. The consultation period ended on 10 January 2019 and it was expected the final settlement would be laid before the House of Commons in February.

As the final year of the four year settlement, our allocations were in line with those previously announced; however we were better off as a result of:

- negative RSG being eliminated +£109k;
- rural services delivery grant being maintained at the current year's level +£21k;
- approval of our Lancashire Business Rate Pilot Pool Bid which will mean retention of extra business rate growth in the region of +£360k;
- levy account surplus being returned to authorities +£20k;
- new home bonus baseline being retained at 0.4%;

With regard to the provisional New Homes Bonus calculation the Director of Resources reported that representations had been made to MHCLG regarding payments for new affordable housing as we believe we have significantly more than the 34 allowed. Also evidence of the impact of down-bandings had also been submitted. The total provisional allocation for 2019/20 is £1,643k compared with £1,576k in 2018/19.

The Director of Resources informed Committee that the Government had decided upon several referendum principles which included Shire District Councils in two tier areas being allowed increases of up to 3% or £5 whichever was higher; this would not apply to Parish or Town Councils.

She also informed Committee that the 2019 spending review would confirm overall Local Government resourcing from 2020/21. The Government was working towards significant reform in the Local Government finance system in 2021 including an updated, more robust and transparent distribution methodology following the review of relative needs and resources and reforms to business rate retentions. Responses to consultation papers on both these issues would be required.

The Director of Resources informed Committee that the final Local Government Finance Settlement had been debated in Parliament that day and our representations had been accepted regarding New Homes Bonus. Our allocation will therefore increase by £22,728 and will total £1,666,486.

Government had also announced an additional £35k towards preparations for Brexit.

RESOLVED: That the report be noted.

#### 634 OVERALL REVISED CAPITAL PROGRAMME 2018/19

The Director of Resources submitted a report informing Committee of the overall revised Capital Programme for 2018/19. The original programme had been approved by Full Council in February 2018 and regular reports had been presented to all Committee's on progress with the schemes. The total approved Capital Programme for 2018/19 was £2,126,200 over 32 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 at £1,965,100 for 30 schemes, a reduction of £161,100. The reasons for this reduction were outlined in the report.

Actual expenditure on all schemes at the end of December 2018 was £1,338,556 which equated to 68.1% of the revised estimate. The main reasons for the underspend to date against the full year 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 the Capital Earmarked Reserve.

**RESOLVED:** That Committee approve the overall revised Capital Programme for 2018/19.

#### 635 OVERALL CAPITAL PROGRAMME 2019/20 TO 2023/24

The Director of Resources submitted a report recommending a Capital Programme for 2019/20 to 2023/24 to Full Council on 5 March 2019. All Heads of Service had been asked to submit Capital Bids.

Full details of all these bids had been presented to service committees during the October/November 2018 committee cycle of meetings as part of the forward Capital Programme reports.

The Budget Working Group, together with Corporate Management Team had met to consider the draft programme and made a number of adjustments. These were highlighted.

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 of schemes to be included, not included, reprogrammed to an alternative year or included but further reviewed.

The financing of the Capital Programme would rely heavily on the use of earmarked reserves including the use of business rates growth earmarked reserve and New Homes Bonus earmarked reserve.

The final proposed five year Capital Programme was summarised for Committee to consider.

<b>Committee</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>TOTAL</b>
Community Services	1,912,440	1,863,440	282,000	685,800	507,800	<b>5,251,480</b>
Economic Development	20,000					<b>20,000</b>
Health and Housing	545,000	383,500	383,500	370,000	482,600	<b>2,164,600</b>
Planning and Development	14,500					<b>14,500</b>
Policy and Finance	196,250			358,500	118,200	<b>672,950</b>
<b>TOTAL</b>	<b>2,688,190</b>	<b>2,246,940</b>	<b>665,500</b>	<b>1,414,300</b>	<b>1,108,600</b>	<b>8,123,530</b>

<b>Committee</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>TOTAL</b>
New Homes Bonus Earmarked Reserve	-313,600	-272,000	-272,000	0	-306,637	<b>-1,164,237</b>
Business Rates Growth Earmarked Reserve	-1,522,540	0	0	-474,387	0	<b>-1,996,927</b>
Other Earmarked Reserves	-357,050	-100,120	-60,000	-223,413	-481,963	<b>-1,222,546</b>
Disabled Facility Grants	-320,000	-320,000	-320,000	-320,000	-320,000	<b>-1,600,000</b>
Borrowing	-175,000	-1,230,000	0	0	0	<b>-1,405,000</b>
Usable Capital Receipts	0	-102,580	-13,500	-396,500	0	<b>-512,580</b>
Potential External Funding	0	-222,240	0	0	0	<b>-222,240</b>
<b>TOTAL</b>	<b>-2,688,190</b>	<b>-2,246,940</b>	<b>-665,500</b>	<b>-1,414,300</b>	<b>-1,108,600</b>	<b>-8,123,530</b>

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.

Councillor S Hore was given permission to speak on this item.

He referred to the Roefield artificial grass pitch and urged Committee to support this capital bid.

\*\*\* RESOLVED: That Committee recommend to Full Council the Capital Programme for 2019/20 to 2023/24 as set out in Annex 1 of the report. \*\*\*

#### 636 OVERALL REVENUE BUDGET 2019/20

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2018/19 and to recommend a Revenue Budget and Council Tax requirement for 2019/20 to full Council on 5 March 2019. She gave a brief overview of the current year's revised budget for 2018/19 highlighting the main reasons for net expenditure having decreased by £116k.

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 benefit from retaining a levy as a member of the current Lancashire Business Rate Pool. This would give total estimated business rate income of £1,340,791.

When setting the original budget it had been agreed to use £475,514 of business rate income to fund the Revenue Budget; therefore the estimated difference of £865k would be added to the Business Rate growth reserve.

She highlighted the forecasted transfers to and from earmarked reserves, compared with the original estimate and also gave a summary of the changes.

The overall position showed that instead of taking £170k from general fund balances at the end of the year, based on these revised estimates we would be taking £54k from balances.

The Director of Resources briefly highlighted the key elements of the provisional grant settlement for 2019/20; rural services delivery grant, negative revenue support 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 £150.69 meant that Ribble Valley was in the bottom quartile of all Councils at 38<sup>th</sup> 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 and the Director of Resources informed Members of the increase of £22,728 following the challenge which had been made on the calculation with regard to affordable homes and the impact of down-bandings. 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 NNDR1 return for 2019/20 shows that we expect to retain business rate income of £2,358,732 of which £675,514 would be used to fund the Revenue Budget, leaving a surplus of £1,683,218 to add to earmarked reserves or use to fund capital expenditure.

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 2019/20 the Committee expenditure was set to increase by £492k; the reasons for this were varied and had been reported to service committees in budget reports. After adding charges to the budget not included in committee budget reports, the total budget gap was £93,896.

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 full shortfall of £93,896 be met from general fund balances.
- Following examination of business rates growth the Budget Working Group recommend that in line with the budget forecast, the amount used to fund the Revenue Budget be increased from £475k to £675k.
- That £1.105m of the New Homes Bonus be used to fund the Revenue Budget.

- That the Council Tax for 2019/10 be frozen.

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 2019/20 with net expenditure of £5,093,280 which after use of balances would result in a net budget of £4,999,384. This would still leave £2.385m in general fund balances at the end of March 2020.

The Director of Resources gave Committee a summary of the updated three year budget forecast for the Revenue Budget assuming that the 2019/20 budget was agreed and highlighted the budget gap over the next three years. She pointed out that the outcome of the fair funding review and the implications of business rate retention reforms would be crucial in terms of the future budget forecast.

\*\*\* RESOLVED: That Committee

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1. approve the revised budget for 2018/19;
2. delegate the submission of a response to the two consultation papers referred to in the report to the Director of Resources in consultation with the Budget Working Group;
3. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2019/20 as set out;

<b>BUDGET AND COUNCIL TAX REQUIREMENT</b>	
	<b>£</b>
RVBC Net Budget	4,999,384
Plus Parish Precepts (Annex 6)	450,764
	<b>5,450,148</b>
Less - Settlement Funding Assessment	-1,440,601
<b>Net Requirement Before Adjustments</b>	<b>4,009,547</b>
Council Tax Surplus	-61,419
<b>Council Tax Requirement (Including Parishes)</b>	<b>3,948,128</b>

and;

4. recommend the budget and Council Tax requirement to the full Council meeting on 5 March 2019.

The meeting closed at 7.25pm.

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