

Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 11 February 2014, starting at 6.30pm
Present: Councillor S Hirst (Chairman)

Councillors:

J Hill	K Horkin
T Hill	A Knox
B Hilton	G Mirfin
K Hind	D T Smith
S Hore	A Yearling

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

Also in attendance: Councillor S Bibby.

594 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors R Elms, E M H Ranson, J Rogerson and R Thompson.

595 DECLARATIONS OF INTEREST

There were no declarations of interest.

596 PUBLIC PARTICIPATION

There was no public participation.

597 LETTER FROM BRANDON LEWIS MP, MINISTER FOR LOCAL GOVERNMENT

The Chief Executive referred to a letter he had received that had been sent to all local authorities informing us of the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014. The letter referred to the Government's expectation that all Councils would adopt at their budget meetings this year a practice of recorded votes. The regulations that would make this mandatory for Councils had yet to be put in force. A report would be prepared for the next ordinary meeting of this Committee amending the Council's Standing Orders to comply with this new requirement. A brief discussion took place and Members felt until this became a mandatory requirement we should do nothing as the Council's existing Standing Orders allowed a recorded vote to take place if sufficient Members agreed.

598 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2014/15 AND ILLUSTRATIVE SETTLEMENT FOR 2015/16

The Director of Resources submitted a report for Committee's information on the details of the provisional finance settlement for 2014/15 and 15/16. The grant

settlement for 2014/15 had been issued on Wednesday, 18 December 2013 and following a consultation period it was expected that the final settlement would be laid before the House of Commons in mid-February.

The illustrative settlement for 2015/16 provides early information ahead of the provisional settlement which would be expected to be announced in December 2014.

The grant settlement was virtually the same as was indicated as part of the technical consultation in summer 2013 and our settlement shows that we face a 12.1% reduction in grant in 2014/15 with a further 15.3% reduction the year after. This was before taking into account other funding such as our new homes bonus allocation.

RESOLVED: That the report be noted.

599 OVERALL REVISED CAPITAL PROGRAMME 2013/14

The Director of Resources submitted a report asking Committee to consider the overall revised capital programme for 2013/14. The original capital programme had been approved by Full Council in March 2013 and since then regular reports had been presented quarterly to all Committees on progress with the capital programme. The original capital programme for the current year had included schemes at a total estimated cost of £833,000. Additionally £201,620 of the budget from 2012/13 had been moved to the 2013/14 financial year at the time of setting the revised estimate for 2012/13.

There was also slippage totalling £216,590 which had been transferred into this financial year along with further approvals to the capital programme totalling £308,920.

The schemes in the programme had now been discussed with the budget holders and a revised programme drawn up which was likely to reflect the expenditure this year. Information on these schemes had been reported to all Committees in the previous cycle of meetings. It was recommended that a small proportion of the current year's budget be transferred to the 2014/15 financial year on schemes that were unlikely to commit the current year's full budget by the end of March 2014. The schemes affected related to disabled facilities grants, landlord tenant grants and repossession prevention fund which totalled £57,020.

The report outlined the capital resources to finance the capital programme for 2013/14 which had also been revised and a summary of the movements on available capital resources was outlined for Committee's information.

The capital programme for 2013/14 had increased by £464,000 from the originally agreed capital programme at this time last year. The reasons for these changes were summarised. It was reported that as at the end of December 2013, 82% of the revised capital programme had been completed.

RESOLVED: That Committee approve the overall revised capital programme for 2013/14.

600

OVERALL CAPITAL PROGRAMME 2014/17

The Director of Resources submitted a report asking Committee to recommend a capital programme for 2014/17 to full Council on the 4 March 2014.

Consideration had been given to whether the capital programme would be affordable both in capital and revenue terms; achievable in terms of staff resources and timescales and in line with Council priorities. Heads of Service had been asked to put forward schemes which were the absolute basic requirement to keep the Council's services running. Full details of all 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 considered the draft programme and made a number of proposals/amendments.

Details of the schemes originally approved in the capital programme for 2014/15 and 2015/16 were outlined for Committee's information and a summary of the resources planned to finance it.

The report went on to outline the available resources for any new schemes which included the VAT shelter and new homes bonus. In reviewing the available resources and balancing the needs of revenue, the recommended level of maximum resources that should be made available for new capital bids were summarised and totalled £586,000.

The Director of Resources went on to outline the new scheme bids received and the recommendations that the Corporate Management Team and Budget Working Group had made to ensure that the proposals in their entirety were affordable and achievable. She outlined the final proposed capital programme along with the proposed financing and the impact of the proposals on the capital reserve.

*** RESOLVED: That Committee recommend the capital programme for 2014/17 as set out in *** the Appendix 4 to these minutes to Full Council on 4 March 2014.

601

OVERALL REVENUE BUDGET 2014/15

The Director of Resources submitted a report asking Committee to approve the revised revenue budget for 2013/14; to reconsider whether to implement an empty homes council tax premium (50%) on properties empty for more than 2 years and to consider and recommend a revenue budget requirement and precept for 2014/15 to Full Council on 4 March 2014.

The revised budget for 2013/14 had now been prepared and individual Committees had reviewed their estimates and reasons for any significant changes. It was anticipated that there would be a reduction of £277k in net expenditure. The main reasons for these variations were outlined for Committee's information giving details of any differences along with the movement in other items and earmarked reserves. This meant that instead of

taking £176k from general fund balances at the end of the year based on the revised estimates £101k would be added to balances.

The Director of Resources went on to outline the Local Government finance settlement for 2014/15 for which the final figure had just been received at £2,603,769. The Government had also announced illustrative grant figures for 2015/16 which showed further reductions.

The Council had agreed a local council tax support scheme which came into effect on 1 April 2013. The Government had announced a one-off transition grant for 2013/14 those authorities who agreed to set the maximum reduction at 8.5%. This Council had agreed to do this and had therefore received the transition grant which was only for one year. The Director of Resources reminded Committee that our LCTS would now revert back to the agreed percentage of 12%. The Government had again asked authorities to allocate funding from within their grant settlement to pass on to parishes to compensate them for the impact of our scheme on their tax bases. We had done this by allocating grants to individual parishes based on an estimated amount of grant funding from within our grant settlement.

The Director of Resources reminded Committee of the decision taken at their November meeting to implement the following with effect from 1 April 2014 that:

- for long term empty properties (empty longer than 6 months) to remove the current 50% discount which will mean owners are liable for the full 100% council tax due; and
- to implement an empty homes premium of a further 50% for those properties still empty after a 2 year period.

Following this decision which had been ratified by Council in December 2013, all homeowners had been written to who would be potentially affected by the changes. A number of objections had been received from owners outlining various reasons and peculiar circumstances. The Director of Resources informed Committee of the Government guidance regarding changing of these discounts and asked if Members wished to reconsider this decision in the light of this new information.

A discussion took place and in view of the Government guidance and representations received Members agreed the empty homes premium should not be implemented at this point in time.

The Director of Resources outlined the collection fund and the makeup of the council tax and how the projected surplus would be shared amongst the major precepting authorities.

With regard to the revenue budget for 2014/15 the Director of Resources informed Committee that the announcement of the finance settlement confirmed that Local Government continues to bear the brunt of public spending cuts in this spending review period. The Government had again announced that they would offer funding to Council's who freeze their Council Tax for 2014/15 which would

equate to a 1% increase in council tax foregone. They had also announced referendum criteria/capping limits of 2% or above.

It was the recommendation of the Budget Working Group that the Council freeze the council tax for 2014/15 which would mean being eligible to receive a freeze grant of approximately £31,560.

The Director of Resources went on to explain the new homes bonus scheme, the budget requirement, the base budget position, Committee expenditure and movement of other items.

She also outlined the business rate retention scheme which according to our NNDR1 return which was submitted to the Government on 31 January 2014 would indicate that we could expect to retain business rates income of £1,275,704. The Director of Resources also explained the Section 31 Grant and the 2013/14 share of business rates surplus or deficit and the volatility and uncertainty of these figures.

With regard to the revenue budget for 2015/16 and beyond it was imperative that Committee be conscious of the challenges in the future. The Budget Working Group had met frequently throughout the year to consider the Council's financial position and had concentrated on four key considerations:

1. The Budget Working Group agreed to review the base budget early in 2014/15 financial year as part of the budget setting process for 2015/16.
2. The Budget Working Group recommended a freeze on the council tax for 2014/15 and hence receive the freeze grant and also recommended using some of the new homes bonus allocation to off-set the increase foregone in our council tax income up to the potential referendum limit.
3. After careful consideration and acknowledging that new homes bonus had been funded from the Local Government Finance system agreed that the new homes bonus forms part of our core funding and therefore recommended using approximately half of the allocation to support the revenue budget for 2014/15.
4. In recognising the considerable uncertainties surrounding our share of business rate income and also the potential volatilities surrounding appeals and growth, that we do not rely on the total amount of our share estimated as a result of our NNDR1 return and therefore recommends that we use approximately £262k to support the revenue budget and set aside the balance into our business rates volatility reserve.

The Director of Resources went on to outline the legal requirement under Section 25 of the Local Government Act 2003 for the Council's Section 151 Officer to report on the robustness of the budget and the adequacy of the Council's balances and reserves. The recommended revenue budget for 2014/15 was outlined in table format and totalled £5,613,497 with a resulting precept (including Parishes) of £3,369,132.

The Director of Resources had also updated the three year forecast assuming the budget for 2014/15 was agreed which showed illustrative provisional settlements along with other assumptions regarding Council spending and council tax.

RESOLVED: That Committee

1. approve the revised budget for 2013/14;
- *** 2. recommend to Full Council the removal of the council tax premium of 50% on long term empty properties (over 2 years); ***
3. approve the Budget Working Group's recommendations and set a budget requirement and precept for 2014/15; and

BUDGET REQUIREMENT AND PRECEPT 2014/15	
	£
RVBC Net Budget	5,613,497
Plus Parish Precepts	359,632
	5,973,129
Less – Settlement Funding Assessment	-2,603,769
Net Requirement Before Adjustments	3,369,360
Council Tax Surplus	-228
Precept (Including Parishes)	3,369,132

- *** 4. recommend the budget and precept to the Full Council meeting on 4 March 2014. ***

602 MEDIUM TERM FINANCIAL STRATEGY

The Director of Resources submitted a report asking Committee to approve the Council's medium term financial strategy 2014/15 to 2017/18. This strategy was updated annually and is the Council's key financial planning document and aims to provide the Council with an assurance that the Council's spending plans are affordable over the medium term. It includes a three year budget forecast and provides the financial foundation for the delivery of the Council's policy priorities.

RESOLVED: That Committee approve the medium term financial strategy for 2014/15 to 2017/18 and ask the Budget Working Group to use this document as the backdrop of future budgets.

The meeting closed at 7.55pm.

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

FINAL PROPOSED CAPITAL PROGRAMME 2014/15 TO 2016/17

APPENDIX 4

Schemes	2014/15 £	Budget Moved from 2013/14 £	Total for 2014/15 £	2015/16 £	2016/17 £
<u>Community Services Committee</u>					
Play Area Improvements	30,000		30,000	40,000	40,000
Castlefield Toilets Refurbishment Scheme	33,000		33,000		
Installation of 3G Artificial Pitch Surface	47,000		47,000		
Replacement of Geesink 26t RP HGV Refuse Collection Vehicle				210,000	
Replacement of 4 x 4 Tractor/Mower (PNO4 NPZ)				17,000	
Replacement of Kubota Mower PN05 PLO				19,000	
Replace Scag Mower				9,000	
Two Heavy Goods Trailers				6,000	
Replacement of 2 Tri Star Mowers				16,000	
Replacement of Waste Transfer Station Loader Shovel				75,000	
Replacement of multi use panel van (currently Vauxhall Vivaro)				12,000	
All Weather Pitch Lighting					15,000
Replacement of Scag Mower with equivalent spec vehicle					10,000
Replacement of John Deere Gang Mower Tractor (PN05 UKE)					45,000
Replacement of 2 x Open Backed Single Bodied Paper Collection Vehicle (VX55 KXD & VU06 TKN)					30,000
Replacement of MAN 7.7 RO-RO Truck (PN06 FRV) with equivalent spec vehicle					38,000
Replacement of Salthill Depot Multi Use Fork Lift Truck					25,000
Replacement of Works Section Small Van -Ford Transit PF09 DHX (Toilet Van)					12,000

FINAL PROPOSED CAPITAL PROGRAMME 2014/15 TO 2016/17

APPENDIX 4

Schemes	2014/15 £	Budget Moved from 2013/14 £	Total for 2014/15 £	2015/16 £	2016/17 £
Replacement of Works Section Panel Van PK06 HKA (currently Vauxhall Vivaro) with a smaller van					12,000
Total Community Services Committee	110,000	0	110,000	404,000	227,000
<u>Policy and Finance Committee</u>					
Clitheroe Townscape Scheme				115,000	
Council Offices - Re-roofing Scheme				167,500	
Total Community Services Committee	0	0	0	282,500	0
<u>Health and Housing Committee</u>					
Replacement of Pest Control Vehicle PO07 WPB	11,000		11,000		
Disabled Facilities Grants - moved from 2013/14	119,540	10,000	129,540	161,000	161,000
Landlord/Tenant Grants - moved from 2013/14	75,000	20,000	95,000	75,000	75,000
Repossession Prevention Fund - moved from 2013/14		27,020	27,020		
Clitheroe Market Improvements					175,000
Total Community Services Committee	205,540	57,020	262,560	236,000	411,000
Total for all Committees	315,540	57,020	372,560	922,500	638,000