

## Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 10 February 2015, starting at 6.30pm  
Present: Councillor S Hirst (Chairman)

Councillors:

J Alcock	A Knox
R Elms	G Mirfin
T Hill	J Rogerson
K Hind	R J Thompson
B Hilton	A Yearing
S Hore	

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

Also in attendance: Councillors P Ainsworth and N Walsh.

### 575 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors K Horkin and D T Smith.

### 576 DECLARATIONS OF INTEREST

There were no declarations of interest.

### 577 PUBLIC PARTICIPATION

There was no public participation.

### 578 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2015/16

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2015/16. This was a one year settlement covering 2015/16 only and largely confirmed the illustrative settlement announced last year. The Government have stated the following:

- Settlement Funding Assessment (SFA) figures for 2015/16 – This is a cut of 13.9% in 2015/16 or 14.6% if the GLA is taken out of the figures.
- Revenue Spending Power (RSP) figures for 2015/16 for each Council – These show an overall cut in RSP of 1.8% in 2015/16. These figures include Council Tax income. If you leave Council Tax out this is a cut of 3.7% in 2015/16 after removing ring-fenced and social care new burdens funding, the reduction is 11.8%. The difference between RSP and SFA is explained by:
  - the RSP figures include the new homes bonus grant which is top sliced from the SFA.

- The effects of changes to business rates announced in the autumn statement including the 2% cap.

The Government has confirmed that it will pay efficiency support grant to Council's which would otherwise have a RSP cut of more than 6.4%. This grant is worth £2.29m and 19 Councils are eligible in 2015/16. They will also continue to pay a grant to the more sparsely populated authorities; this is estimated at £15.5m in 2015/16. This is incorporated into the SFA.

The report also referred to the new homes bonus, the business rates retention scheme which is now in its third year, Council Tax freeze grant, local Council Tax support and what the Government refers to as spending power.

The Director of Resources confirmed that the grant settlement was virtually the same as was announced as illustrative figures in December 2013 and shows that we face a 14% reduction in grant next year; this is before taking into account other funding such as the new homes bonus allocation.

The Director of Resources informed Members that the final grant settlement had since been announced and confirmed our provisional figures.

RESOLVED: That the report be noted.

579 OVERALL REVISED CAPITAL PROGRAMME 2014/15

The Director of Resources submitted a report informing Committee of the Overall Revised Capital Programme. This had been approved by Full Council in March 2014 and regular reports had been presented quarterly to all Committees on progress. She reminded Committee that the total approved capital programme budget for 2014/15 was £550,830 covering 12 schemes. Each of these schemes had been discussed with budget holders and the programme revised to reflect their progress and estimated full year expenditure. It was recommended that two schemes totalling £147,000 be recommended for transfer into 2015/16. These were:

- installation of 3G artificial pitch - £47,000 – the scheme is dependent on external funding which has not been obtained to date;
- economic development initiative - £100,000 – the budget was set up to provide support for economic development whenever appropriate opportunities arise.

This meant that the overall revised capital programme for 2014/15 was £403,830. Actual expenditure as at the end of December was £351,068 which equated to 86.9% of the revised estimate. The overall budget had increased by £31,270 from the originally approved capital programme because of slippage from the previous year and these changes were summarised for Committee's information.

RESOLVED: That Committee approve the Overall Revised Capital Programme for 2014/15.

580 OVERALL CAPITAL PROGRAMME 2015/18

The Director of Resources submitted a report recommending a Capital Programme for 2015/18 to Full Council on 3 March 2015. All Heads of Service

had 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 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 met to consider the draft programme and made a number of proposals/amendments.

Details of the schemes originally approved in the Capital Programme for 2015/16 and 2016/17 were outlined for Committee's information. In reviewing the available resources for any new schemes and balancing the needs of revenue, there was a recommended maximum level of resources that would be made available for new capital bids; this totalled £586,000. His summary of the new bids and amendments to the previously approved Capital Programme were outlined for Committee to consider and based on the available resources detailed previously in the report it was not possible for all the bits to be approved into the forward Capital Programme.

The report outlined the recommendations of both the Budget Working Group and the Corporate Management Team with regards to the new bids that had been submitted and how they could be resourced. A final proposed Capital Programme was summarised for Committee to consider.

Committee	2015/16			2016/17 £	2017/18 £
	2015/16 £	Moved from 2014/15 £	Total for 2015/16 £		
Community Services	436,600	47,000	483,600	212,000	452,610
Policy and Finance	371,400	100,000	471,400	100,000	36,250
Health and Housing	236,000	0	236,000	411,000	211,000
<b>TOTAL</b>	<b>1,044,000</b>	<b>147,000</b>	<b>1,191,000</b>	<b>723,000</b>	<b>699,860</b>

Committee considered the proposed capital programme as outlined and asked Officers to clarify several specific points with regard to the proposed schemes.

\*\*\* RESOLVED: Committee recommend to Council the Capital Programme for 2015/18 as set out in Annex 4 of the report. \*\*\*

#### 581 OVERALL REVENUE BUDGET 2015/16

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2014/15 and to consider and recommend a Revenue Budget and Council Tax requirement for 2015/16 to Full Council on 3 March 2015. She gave a brief overview of the current year's revised budget for 2014/15, highlighting the main reasons for the Committee expenditure having fallen by £38,000, the movement in other items, the latest estimate of business rate income, the movement in earmarked reserves. These showed that the Council would have a reduction in net expenditure of £310k compared with the original estimate; therefore instead of taking £150k from general fund balances at the end of the year, based on the revised estimates £161 would be added to balances.

Turning to 2015/16 the report made reference to the Local Government finance settlement, the Collection Fund, local Council Tax support and the Council Tax base.

The Director of Resources reminded Committee that the announcement of the finance settlement confirmed that Local Government continued to bear the brunt of public spending cuts. She made reference to the Council Tax freeze grant and the capping criteria and reminded Committee that our current Band D tax of £140.69 is the lowest across Lancashire and in the bottom quartile of all Councils in England. She reminded Committee of the new homes bonus scheme which commenced in April 2011 which match funds the additional Council Tax raised for new homes and empty properties brought back into use with an additional amount for affordable homes for the following 6 years. This was shared 80/20 between district and county councils in two tier areas and was unring-fenced. She informed Committee that our allocation for next year will be £968,616.

The report outlined in some detail the Council Tax requirement, the base budget position, Service Committee expenditure and the main reasons for the variances, movement in other items, the business rate retention scheme and commented on volatility and uncertainty of this funding and updated Members on a change to the expected business rate income to the general fund. This would result in expected business rate income of £402,463 which meant the transfer to earmarked reserves would be £139,537.

The Director of Resources also referred to specific budget items that would affect the 2015/16 Revenue Budget; this included refuse collection and recycling where the County Council would cease paying recycling credits on 31 March 2015 and the Tour of Britain Cycle Race to which a contribution of £90,000 would be made. It was recommended that the budget impact of £24,910 for potentially signing up to the County's Cost Sharing Agreement for refuse collection and recycling be funded from the new homes bonus allocation and that the contribution to the Tour of Britain Cycle Race be funded from earmarked reserves these being Concessionary Travel Reserve and the tourism element of the Performance Reward Grant Reserve.

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:

- That the Council Tax be frozen for 2015/16 – £32k resulting in an entitlement of freeze grant from the Government.
- That a maximum of £150k should be used from general fund balances to finance the Revenue Budget shortfall.
- Following examination of the base budget previous underspends/overspends had been incorporated into the draft Committee budget reports.
- That £263k from business rates growth be used to support the Revenue Budget.

- A total amount of £651k of the new homes bonus be used to support the base Revenue Budget.

The Director of Resources went on to inform Committee of the robustness of the estimates and balances and reserves and outlined a recommended Revenue Budget for 2015/16 from the Budget Working Group for which the net expenditure would be £5,465,994 which after use of balances would result in a net budget of £5,315,994.

The Director of Resources also commented on Parish Precepts which totalled £363,992 and explained how they were incorporated into the Council Tax requirement.

She also gave Committee a summary of the updated 3 year forecast for the Revenue Budget assuming the 2015/16 budget was agreed and highlighted how the budget gaps would increase over the next 3 years.

Members asked a number of questions regarding the budget and the Council's earmarked reserves. They were pleased to recommend a Council Tax freeze for 2015/16 whilst maintaining healthy levels of reserves and balances.

RESOLVED: That Committee

1. approve the Revised Budget for 2014/15;
2. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2015/16 as set out:

<b>BUDGET AND COUNCIL TAX REQUIREMENT</b>		<b>£</b>
RVBC Net Budget		5,315,994
Plus Parish Precepts		363,992
		<b>5,679,986</b>
Less	- Settlement Funding Assessment	-2,240,595
	<b>Net Requirement Before Adjustments</b>	<b>3,439,391</b>
	Council Tax Surplus	-22,004
	<b>Council Tax Requirement (Including Parishes)</b>	<b>3,417,387</b>

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3. recommend the budget and Council Tax requirement to Full Council meeting on 3 March 2015.

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## MEDIUM TERM FINANCIAL STRATEGY

The Director of Resources submitted a report asking Committee to approve the Council's Medium Term Financial Strategy 2015/16 to 2017/18. This was the Council's key financial planning document and aimed to provide the Council with an assurance that the Council's spending plans are affordable over the medium

term. It included a 3 year budget forecast and provides the financial foundation for the delivery of the Council's policy priorities. She informed Committee that the Budget Working Group would consider this strategy in more detail in the coming months.

RESOLVED: That Committee approve the Medium Term Financial Strategy for 2015/16 to 2017/18.

The meeting closed at 7.37pm.

If you have any queries on these minutes please contact Jane Pearson (414430).