

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 14 JANUARY 2015

Present: Cllrs: T Hill, Hirst (Chair), Hore, Knox, and Thompson, Chief Executive, Director of Resources, Director of Community Services, Head of Financial Services.

1 Apologies

Cllrs: Elms, Rogerson.

2 Minutes of meeting held on 15 December 2014

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

3 Provisional Local Government Finance Settlement 2015/16

3.1 The Director of Resources took members through a report that provided details of the **provisional** local government finance settlement for 2015/16.

3.2 The details of the settlement were provided to members, together with information on New Homes Bonus, Business rates, Council Tax and Local Council Tax Support. A discussion took place on the potential capping of parish precepts in the future, and how some local authorities had been circumventing capping rules by passing service costs on to parishes, which are currently not capped.

3.3 Members were taken through the Governments calculation of the council's Spending Power (set to fall by 1%) compared to the change in cash terms of the council's Settlement Funding Assessment (SFA) which showed a fall of 14% in funding.

3.4 The council's commitments to date on the use of New Homes Bonus were discussed, and it was agreed that an update including capital commitments of New Homes Bonus would be provided to the next meeting.

4 Revenue Budget 2014/15 and 2015/16 Latest Position

4.1 An update on the revised budget for 2014/15 and the draft budget position for 2015/16 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2014/15 were provided within the report. Overall, revised committee budgets were forecast to be £38,480 below the original estimate.

4.2 The use of general balances also showed a switch from taking £150,000 from balances at the end of the year, to adding £161,000. Conversely, earmarked reserves were forecast to drop from adding £602,729 to adding £349,638.

4.3 Looking forward to the 2015/16 original estimate, committee expenditure was set to increase by £184,430 compared to the original estimate for 2014/15. Again the main variances were provided within the report.

4.4 Members were then taken through the net movement in 'other' items, including interest and New Homes Bonus. This area was forecast to see a £340,000 increase in net income. Looking at earmarked reserves, there was a forecast of £212,000 more being added, compared to the original estimate 2014/15.

4.5 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 used for Business Rates within the report. 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 in the coming weeks.

4.6 Growth items and budget pressures were discussed, particularly planning appeal costs and the potential cost of those that had not been lodged.

4.7 Members were asked for a number of decisions to be made in order to further progress the budget for 2015/16:

- ❖ Firstly do you agree to use balances of £150,000 to support the revenue budget? (revenue balances brought forward at 1 April 2014 were £2.058m) We showed £200,000 in our forecast however given we have doubled the allowance for staff turnover from 2% to 4% it might be more prudent to use £150,000 at this stage.

BWG Response: It was agreed that use of balances be set at £150,000

- ❖ Looking at the 4 considerations suggested previously by the BWG:

1. **Examination of our base budget and previous underspends/overspends**
– *built in to the draft committee budget reports*

Do you want us to go further and look for more savings in committee budgets?

BWG Response: There was no requirement to review the budgets for further savings

2. **Examination of how much business rates growth we can realistically expect to rely on** – *unclear until we have produced our NNDR1 return for 2015/16 how much growth we could expect to receive (if any) – further work needed.*

Does the BWG agree that we look to maximise how much growth we bring in to next year's budget?

BWG Response: It was agreed to review after completion of NNDR1. However maximising commitment of New Homes Bonus seen as priority

3. **How much New Homes Bonus we can use to support the revenue budget**
– *our allocation for next year as shown above is expected to be £969k. We have already committed using £333k each year to support revenue. We need to consider how much of the balance (£635k) should be used for revenue or capital.*

Does the BWG agree that we should use more of our New Homes Bonus to finance our revenue budget?

BWG Response: It was agreed that New Homes Bonus should be used to bridge the budget gap for 2015/16.

4. **Whether our council tax should be increased or frozen for 2015/16**
– *As shown above if we were to increase our council tax by the maximum amount of 1.99% this would generate an extra £61k*

BWG Response: It was indicated that the budgets should be prepared on an assumption of a council tax freeze for 2015/16

4.8 Based on the responses made above, a firm proposal was to be brought back to the next meeting on 21 January 2015.

5 Draft Three Year Capital Programme 2015/16 – 2017/18

5.1 Members were taken through a report on the capital programme which showed the progress made to date by CMT in their review of the schemes put forward and the resources available.

- 5.2 Originally there was £1.2m of schemes put forward, but with available resources of £586,000. This gave a shortfall in resources/excess schemes of £614,460. This had now fallen to £269,060. This was as a result of identifying additional resources/alternative methods of financing and the deletion of two schemes.
- 5.3 It was hoped that an affordable and achievable capital programme could be reported to the next meeting.

6 Any Other Business

- 6.1 There were no other items of business

7 Date and Time of Next Meeting

- 7.1 Future meetings in **Committee Room 1** were:
- 21 January 2015