

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 21 JANUARY 2015

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

1 Apologies

Cllrs: Elms, Hore and Rogerson.

2 Minutes of meeting held on 14 January 2015

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

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

3.1 The Director of Resources took members through a report which gave the very latest position for the Revenue Budget 2014/15 and 2015/16.

3.2 The report addressed the 5 recommendations that had been made at the previous meeting of Budget Working Group and the decisions that had been made at that meeting:

1. **Examination of our base budget and previous underspends/overspends** 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

2. **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 at this time.

3. **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

4. **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.

5. **Whether our council tax should be increased or frozen for 2015/16** – *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

- 3.3 Based on the responses previously received, a firm proposal was put before Budget Working Group prior to submission to Special Policy and Finance Committee.
- 3.4 An update was also given on Business Rates, and a recommended maximum use of £262,926 for the revenue budget. Any balance would be accounted for through the business rates volatility reserve.

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

- 4.1 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.
- 4.2 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.
- 4.3 Following a further review by CMT this had now been reduced to £64,060. It was agreed that any further recommended reductions/extra funding would be approved with the chairman prior to submission to Policy and Finance Committee.

5 Any Other Business

- 5.1 There were no other items of business

6 Date and Time of Next Meeting

- The next meeting would be for the Business Rates Payers meeting on Wednesday 25 February at 4pm. It was agreed to invite all Chamber of Trade representatives.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 17 JUNE 2015

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

7 Apologies

Cllrs: Hore and Rogerson.

8 Minutes of meeting held on 21 January 2015

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

9 Capital Outturn 2014/15

9.1 A report on the capital outturn for the 2014/15 financial year was discussed. The Director of Resources took members through the details of the report and explained that the programme had largely been completed. There was slippage only on the Disabled Facility and Landlord/Tenant grant schemes, and also the Cemetery infrastructure scheme.

9.2 The pressures on the Disabled Facility Grants scheme budget was discussed and it was agreed that there was need for a review of the policy and also for some waiting list criteria to be established.

9.3 It was explained to members that two earmarked reserves had been created at the end of the 2014/15 financial year in order to help fund future capital schemes. These were:

- Vehicle and Plant Repairs and Renewals fund - £300,000
- Major ICT Equipment Repairs and Renewals Fund - £100,000

9.4 Members asked a number of questions on the operation of the funds, and also the impact on revenue.

10 Revenue Outturn

10.1 A report on the outturn for the revenue budget for 2014/15 was discussed. The Head of Financial Services took members through the details of the report, explaining the impact on the council's general balances and earmarked reserves. The major variances were also discussed, whilst it was explained that full details of these would be reported to service committees in the September cycle of meetings.

10.2 The final outturn position was that rather than taking £149,000 from general balances as forecast in the original estimate, and rather than the revised forecast of adding £161,000 to general balances, the council was actually adding £45,000 to general fund balances. This resulted in general fund balances at 31 March 2015 being £2.103m.

10.3 A discussion took place on the collection fund and the volatilities around business rates. The outturn position on the collection fund was also discussed, with an overall surplus of £320,000 on Council Tax carried forward and an overall deficit of £222,000 on Business Rates carried forward. It was explained that all precepting bodies take a share of this surplus/deficit and take from/reimburse the Collection Fund in future years.

10.4 Earmarked Reserves were also discussed, with £848,870 added to earmarked reserves 2014/15, resulting in a balance at 31 March of £5.941m. Of the £848,870 that had been added to earmarked reserves in 2014/15, £400,000 related to the creation of the two repairs and renewals funds:

- Vehicle and Plant Repairs and Renewals fund - £300,000
- Major ICT Equipment Repairs and Renewals Fund - £100,000

10.5 The Director of Resources explained that a detailed analysis of the council's earmarked reserves would be brought to the next meeting of Budget Working Group as an agenda item.

Budget Forecast Update

11.1 The Director of Resources took members through a report on the latest budget forecast. The different elements that made up the forecast and the various assumptions made were explained. A recap was also given of the process that was taken for the setting of the current year's (2015/16) budget.

11.2 The Chancellor of the Exchequer's forthcoming budget on the 8 July was discussed and it was not anticipated at this stage that there would be much detail provided on the future impact for local government.

11.3 The latest forecast showed a potential need for substantial savings in the coming years:

- £581,000 in 2016/17
- £879,000 in 2017/18
- £1,580,000 in 2018/19

11.4 A timetable and work-plan for the future meetings of the Budget Working Group was agreed upon:

When	Task
Budget Working Group Meetings	
- July 2015	Consider 2014/15 Revenue Outturn and assess accuracy of budget Consider impact of Central Government's mini budget
- August 2015	Consider Business Rates Retention Scheme and New Homes Bonus Agree a Parish grant scheme
- September 2015	Consider cost pressures and update budget forecast
- October 2015	Assess overall position and council tax base
- Committee Cycle: November 2015	Guidance to service committees on their budgets
- December 2015	Consider Local Government Finance Settlement
- January/February 2016	Consider overall budget position

Business Rates Pooling

12.1 The Director of Resources took members through a proposal paper that was to be presented to the Lancashire Leaders meeting on the pooling of Business Rates. The proposal was one that had been discussed across Lancashire at Chief Financial Officer meetings.

12.2 Members were taken through the principles of the operation of the pooling arrangements and the associated risks. It was explained that any such pooling arrangement would be subject to approval by DCLG.

- 12.3 The net effect of the pooling arrangement would be a potential retained £4.926m in levy payments across Lancashire (NNDR1 2015/16). The proposal at this stage was for LCC to be paid 10% of this retained levy, whilst each district would retain 90% of their retained levy.
- 12.4 It was explained that this council had offered to act as the lead authority in any pooling arrangements.
- 12.5 The Budget Working Group was in support of the proposals.

13 Parish Grants

- 13.1 The creation of a Parish grants scheme was raised by the Chief Executive. The scheme would utilise resources within the Performance Reward Grant reserve. Past grant schemes that had been operated were discussed and there were thoughts given on the various ways in which the grant 'pot' could be distributed.
- 13.2 The Budget Working Group requested that management team create a draft scheme for consideration at a future meeting.

14 Any Other Business

- 14.1 There were no other items of business

15 Date and Time of Next Meeting

- The next meeting would be on Thursday 9 July at 4.30pm

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 9 JULY 2015

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

16 Apologies

Cllrs: Hirst and Rogerson.

17 Minutes of meeting held on 17 June 2015

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

17.2 A discussion took place on the item in the minutes relating to Parish Grants and the best manner to split the grant equitably. CMT had previously discusses some options and it was agreed that a scheme should be brought back to a future Budget Working Group.

18 Detailed Review of Revenue Outturn Variances 2014/15

18.1 The Head of Financial Services took members through a report that showed the detailed outturn variances across all committees for the 2014/15 financial year. The impact of the transfers to and from earmarked reserves on each variance was also demonstrated.

18.2 The amount planned to be set aside in General Fund Balances at Revised Estimate of £160,981 was compared to that actually set aside at the year-end of £44,712 – resulting in a variance of £116,269 less set aside. This was also discussed in the context of amounts set aside in earmarked reserves, which had increased by £719,000 (for revenue purposes). The many reasons for the variances in the amounts set aside in earmarked reserves were also discussed by members.

18.3 The Director of Resources then took members through a detailed record of the Earmarked Reserves held and the movements over the past few years. A history was provided for each of the reserves, together with details of future plans.

18.4 It was explained that there were 6 categories of Earmarked Reserves:

- Short term service commitments
- Reserves to smooth the revenue impact of longer term cyclical costs
- Trading or business unit reserves
- Sums set aside for major schemes such as capital projects
- Longer term strategic or corporate reserves
- External grant funding where expenditure has yet to be incurred

18.5 Members queried and discussed the purpose of, and balances on, a number of the earmarked reserves

19 Any Other Business

19.1 The Director of Resources circulated a briefing paper that had been prepared by the Local Government Association on the July Budget 2015. It was explained that it was not possible to determine any impacts for Ribble Valley Borough Council at this stage, due to the high level narrative given in the document.

20 Date and Time of Next Meeting

Future meetings were planned as:

- Thursday 13 August at 4.30pm
- Thursday 10 September as 4.30pm