

Minutes of Policy & Finance Committee

Meeting Date: Tuesday, 8 September 2015, starting at 6.30pm
Present: Councillor S Hirst (Chairman)

Councillors:

J Alcock	A Knox
R Elms	G Mirfin
R Hargreaves	M Robinson
T Hill	I Sayers
K Hind	R J Thompson

In attendance: Chief Executive, Director of Resources, Director of Community Services and Head of Revenues and Benefits.

Also in attendance: Councillor N Walsh.

241 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors S Bibby, S Hore, J Rogerson and D T Smith.

242 MINUTES

The minutes of the meeting held on 16 June 2015 were approved as a correct record and signed by the Chairman.

243 DECLARATIONS OF INTEREST

There were no declarations of interest.

244 PUBLIC PARTICIPATION

There was no public participation.

245 BUDGET FORECAST 2015/16 TO 2019/2020

Committee considered the report of the Director of Resources in relation to the latest budget forecast and were asked to decide what action needed to be considered to meet the financial challenges that lay ahead. The report went through a number of key considerations.

Public Sector Pay and Price Inflation – The Director of Resources reported that public sector pay would be capped at a maximum of 1% rise each year for the next four years. A new compulsory national living wage had also been announced where all businesses including the Council would be required to pay a minimum of £9 an hour by 2020. These increases would be staged prior to this date and the first increase would be introduced in April 2016 when workers over 25 would receive a minimum £7.20 an hour.

The previous forecast had included an allowance of 2% each year for pay increases however based on the latest Government announcements this allowance had been adjusted to 1.5% for each year from 2016/17 which also allowed for the increased national living wage.

A change to state pensions had also been announced in the Government's budget 2013 with the introduction of a single tier state pension to begin in 2016/17. This affects both the Council as an employer and also employees who would both face increases in national insurance contributions. The estimated cost to the Council was an extra £100k each year which had been included in the budget forecast.

The Director of Resources highlighted the latest inflation figures which according to the Bank of England were expected to rise gradually reaching 1.7% by the end of next year. The Bank of England also observed that growth was strong but the pace of the recovery was expected to be slow. Based on this information a price inflation figure of 1.5% was forecast for 2016/17 and 2% thereafter.

The Bank of England had indicated in its quarterly inflation report that it was likely to raise the cost of borrowing in the middle of next year. The report outlined a table showing the implied bank rate based upon forward market interest rates. For the budget forecast interest rates of 0.75% for 2016/17, 1.5% for 2017/18 and 1.75% for 2018/19 had been assumed.

Local Government Grant Funding – The Director of Resources informed Committee that the Government's four year plan to cut public spending by £20 billion would be published on the 25 November. Government departments had been written to asked them to draw up plans to cover 2 possible spending projections; one would demand reductions of 25% in resource spending by 2019/20 in real terms while the other would demand they set out a 40% saving. The budget forecast as updated in February anticipated a reduction in core Government funding of 30% over the next 3 years and as such it had now been extended to include the final year of the spending review 2019/20 with a further reduction of 10% in core funding, giving a total of 40% over the 4 year period.

New Homes Bonus – The New Homes Bonus Scheme commenced in April 2011 and currently matched the additional Council Tax raised for new homes and properties brought back into use with an additional amount for affordable homes for a 6 year period. The total allocation for 2015/16 was £962,484 however after successfully challenging the impact of Council Tax re-bandings the final total allocation was £968,616 based on the net increase in the Council Tax base up to the end of July a NHB allocation for 2016/17 of £315,004 was expected without allowing for an affordable homes premium or challenge regarding the impact of down bandings which mean this could result in total NHB in 2016/17 of £1.284 million. However there was a strong possibility that there could be significant changes to NHB and although the full allocation is not relied upon to fund the revenue budget, the impact would be serious if it was abolished or reduced.

Council Tax – Last year's spending round announced a continuation of the freeze in Council Tax levels and also the 2% referendum limit for 2015/16. The support paid for the freeze in Council Tax was equivalent to a 1% increase. It was

unknown at this stage what the Government's plans were regarding future Council tax increases. Our Council Tax at £140.69 had been frozen since 2010/11 ie a 6 year period. The previous forecast had been left unchanged which allowed for a modest increase of 2% for 2016/17 and also each subsequent year.

Business Rates Growth – The Council retains our share of any growth above our business rates baseline. The total business rate income retained by Ribble Valley in 2014/15 was £365k which was higher than the amount relied upon the fund the revenue based budget each year which is £263k. In 2015/16 it was anticipated that we would retain £402k. The difference £139k was budgeted to be added to the business rate volatility reserve. The budget forecast assumes that we would continue to receive and hence rely on £263k above our baseline.

The report also highlighted a number of factors that could have a significant impact on the forecast and gave an indication based upon the assumptions made of the savings that would be required over the next 4 financial years. She informed Committee that the Budget Working Group would also be considering the budget forecast at their next meeting.

RESOLVED: That Committee accept the budget forecast as outlined in the report for 2015/16 to 2019/20 for the Budget Working Group to consider further.

246 BUSINESS RATE POOLING IN LANCASHIRE

The Director of Resources submitted a report asking Committee to approve joining a potential business rate pool for Lancashire. The business rate retention scheme commenced in 2013 and fundamentally changed how Councils are funded from business rates. Under the scheme 50% of business rates is localised through a system of top up and tariffs. The intention of the business rates retention scheme was to give an incentive to local authorities to grow their business rates base. The levy rate payable on any growth varies by authority but is capped at 50p in the £. For Ribble Valley the levy is currently paid at this maximum level ie 50%. For authorities who experience a decrease in their retained rates income a safety net mechanism applies; this guarantees 92.5% of an authority's baseline funding level.

Local authorities are free to come together to form pools for business rate purposes. In such cases tariffs, top ups, levies and safety nets are combined and can result in a significantly lower levy rate or even a zero levy rate meaning that more or all of the business rate growth can be retained within the pool area instead of being payable to the Government. Pools have to be designated by the Secretary of State for Communities and Local Government and each pool has to decide on its governance arrangements. The core principle of pooling is that it is voluntary so it is for local authorities to establish whether pooling would benefit them.

At the Lancashire Chief Financial Officers' meeting on 30 January 2015 it had been agreed to carry out a piece of work to analyse the business rates retention position across Lancashire to ascertain any likely financial benefit of forming a business rate pool. The business rates forecast completed by each billing authority for the coming year and submitted to DCLG shows that each

Lancashire district was predicted to pay a level to Central Government for 2015/16 ranging from £145k to £810k – in total £5 million across Lancashire.

In the case of a pool being formed of all Lancashire districts together with Lancashire County Council this would result in a negative levy rate of -0.16 which would mean no levy would be paid. Instead this amount (currently £5 million) would be retained within the pool.

However under a Lancashire pooling arrangement it had to be accepted that there would be no safety net protection and hence each individual authority would have to agree to forfeit their right to such protection as a condition of joining the pool.

The management of a pool and its governance arrangements would be a matter for the individual pool but DCLG would ensure that they were in place. Membership of the pool would include LCC and any districts wanting to join and would be administered by a district authority with an administration fee ranging from £15m to £30k per annum being paid to the administering authority.

It was proposed the retained levy would be distributed each year with the County Council being paid 10% and each District within the pool retaining 90% of their levy. Certain NNDR was excluded from the pool and retained by the billing authority/LEP outside of the pool.

The Budget Working Group had considered the proposed pooling arrangement in detail and accepted that if it was to go ahead there would be financial benefits to this Council based on this year's predicted levy and that this would outweigh the risks involved.

RESOLVED: That Committee

1. agree to the Council joining a Lancashire based rates pool on the terms outlined; and
2. give authorisation to the Director of Resources to sign the pooling agreement on behalf of the Council.

247 LOCAL TAXATION WRITE-OFFS

Committee were asked to approve a write-off of National Non-Domestic Rate debts relating to 2 companies that had been dissolved or gone into liquidation. Reasonable steps by various means had been taken to collect these debts.

RESOLVED: That Committee approve the writing off of £20,221.90 of NNDR debts where it had not been possible to collect the amounts due.

248 SUNDRY DEBTOR WRITE-OFF

Committee were asked to approve writing off Sundry Debtor invoices relating to the payment of recycling credits. A number of years ago the County Council had frozen the rate of recycling credits rather than continuing to apply an annual inflationary increase. Invoices for payment of recycling credits had been raised

at the prescribed Government default rate per tonne however LCC had paid at the frozen rate. This had resulted in an outstanding balance of monies due to the Council which had continued to be disputed between ourselves and the Lancashire County Council.

The County Council subsequently notified the Council that recycling credits would cease to be paid entirely after 31 March 2015.

After protracted discussions and negotiations with Lancashire County Council the Council agreed to sign up to cost sharing from 1 April 2015. This meant that the disputed invoices total £107,795.22 were now recommended to be written off. The monies for which had been set aside in an earmarked reserve to fully fund this write-off should it be approved.

RESOLVED: That Committee approve the write-off of the outstanding balance of £107,795.22 relating to the payment of recycling credits.

249 REFERENCE FROM PLANNING AND DEVELOPMENT COMMITTEE – LOCAL DEVELOPMENT SCHEME BUDGET

The Director of Resources submitted a report asking Committee to consider a request from Planning and Development Committee to agree to the approval of additional revenue budget of £59,550 for the site allocation element of the Local Development Framework. This would be funded from the planning earmarked reserve.

RESOLVED: That Committee

1. approve the request for the additional revenue budget of £59,550; and
2. approve the use of the planning earmarked reserve to fund the additional revenue budget approval.

250 RIBBLE VALLEY PARISHES GRANT

The Chief Executive submitted a report inviting Committee to consider and agree a formal administrative procedure for allocating grants totalling £114,000 to Parish and Town Councils throughout the Ribble Valley who annually precept. It was important to have a clear protocol and application process in place including the need for the approval of the Ward Councillor before a project would be considered for funding by the Borough Council. The report outlined details with regard to financial matters, publicity, Council support, selection of schemes, conditions and feedback. This scheme if approved would be publicised through the Parish Councils' Liaison Committee.

RESOLVED: That Committee endorse the conditions, procedures and timescales for the allocation of the grants as outlined in the report and that the Chief Executive be asked to publish the invitation to bid and to put in place a grant panel to consider and approve the bids.

251 REFERENCE FROM COMMITTEE – PERSONNEL COMMITTEE

The Director of Resources asked Committee to consider a request from Personnel Committee to agree additional revenue budget provision in respect of staffing changes with regard to the Planning Services staffing restructure and the Human Resources Section.

The restructure of the Planning Services Section had the resultant effect of removing 3 posts and replacing with 3 different posts with an overall annual increase in staffing costs of £6,083.

The Human Resources Section asked for approval to create a 2 year modern apprentice post with immediate effect costing £5,987 per year which could be funded from the Human Resources earmarked reserve.

RESOLVED: That Committee agree

1. the extra recurring revenue budget cost for the Planning Services restructure of £6,083 to be funded from general fund balances; and
2. the extra 2 year revenue budget costs for the creation of a modern apprentice post costing £11,974 to be met from the Human Resource earmarked reserve.

252 DECISIONS BY EMERGENCY COMMITTEE

The Chief Executive submitted a report informing Committee of recent decisions of the Emergency Committee. These related to the Electoral Review of Lancashire and the implications for the position in Ribble Valley and an increase in the budget allocation for the cost of hosting Stage 2 of the 2015 Aviva Tour of Britain Cycle Race.

RESOLVED: That

1. the decisions of the Emergency Committee be noted; and
2. a vote of thanks be conveyed to the staff involved with the Tour of Britain Organisation.

253 RIBBLE VALLEY ELECTORATE FORECAST

The Director of Resources submitted a report informing Committee of the outcome of the Ribble Valley electorate forecast for 2021.

RESOLVED: That the report be noted.

254 CAPITAL MONITORING 2015/16

Committee considered a report on the progress of the approved Capital Programme for the period April to July 2015 with regard to schemes which fall under the remit of this Committee.

RESOLVED: That the report be noted.

255 OVERALL CAPITAL MONITORING 2015/16

Committee received an update report on the progress of the overall approved Capital Programme for the period April to July 2015.

RESOLVED: That the report be noted.

256 REVENUE OUTTURN 2014/15

Members considered a detailed report of the actual position for the Revenue Budget year ended 31 March 2015 for this Committee

RESOLVED: That the report be noted.

257 OVERALL REVENUE OUTTURN 2014/15

Members received a report on the overall Revenue Outturn for the year ending 31 March 2015.

RESOLVED: That the report be noted.

258 REVENUE MONITORING 2015/16

Committee received a report showing the position for the first 4 months of this year's revenue budget as far as this Committee was concerned.

RESOLVED: That the report be noted.

259 OVERALL REVENUE MONITORING 2015/16

Committee received a report detailing the position on the overall Revenue Budget for the current financial year.

RESOLVED: That the report be noted.

260 TIMETABLE FOR BUDGET SETTING

Committee received a report on the timetable for setting the 2016/17 budget.

RESOLVED: That the report be noted.

261 TREASURY MANAGEMENT MONITORING 2015/16

Members considered a report from the Director of Resources on Treasury Management Monitoring for the period 1 April 2015 to 31 July 2015 covering such areas as Public Works Loan Board, borrowing requirements, temporary investments, Prudential Indicators, Local Government Bonds Agency, approved organisations and recent events.

RESOLVED: That the report be noted.

262 INSURANCE RENEWALS 2015/16

Committee considered a report informing them of the insurance renewals for the period 20 June 2015 to 19 June 2016.

RESOLVED: That the report be noted.

263 REVENUES AND BENEFITS GENERAL REPORT

Committee considered a report which covered the following areas:

- National Non-Domestic Rates (NNDR);
- Council Tax;
- Sundry Debtors;
- Housing Benefit and Council Tax support performance; and
- Housing Benefit overpayments.

RESOLVED: That the report be noted.

264 2014/15 YEAR END PERFORMANCE INFORMATION

Committee considered a report outlining the year-end report of 2014/15 that detailed performance against our local performance indicators.

RESOLVED: That the report be noted.

265 BUDGET WORKING GROUP

Committee received the minutes of the Budget Working Group meetings held on 21 January 2015, 17 June 2015 and 9 July 2015.

266 ECONOMIC DEVELOPMENT WORKING GROUP

Committee received the minutes of the meeting held on 13 July 2015.

267 REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from Representatives on Outside Bodies.

268 EXCLUSION OF PRESS AND PUBLIC

RESOLVED: That by virtue of the next items of business being exempt information under Categories 1 and 3 of Schedule 12A of the Local Government Act 1972, the press and public be now excluded from the meeting.

269 LOCAL TAXATION WRITE-OFFS

The Director of Resources submitted a report seeking Committee's approval to write-off certain National Non-Domestic Rates and Council Tax debts relating to

individuals. There was one case where the debtor had absconded and three cases where the debtor had gone bankrupt that would need write-off.

RESOLVED: That Committee

1. approve the writing off of £63,317 of NNDR and £2,927.01 Council Tax debts where it had not been possible to collect the amount due; and
2. request the Chief Executive clarify the legal position regarding the level 8 information which can be published regarding such write-offs.

270 SUNDRY DEBTOR WRITE-OFFS

The Director of Resources submitted a report seeking Committee's approval to write-off a Sundry Debtor invoice debt. This debt had arisen due to an overpayment of rent allowance and the cost of recovery action, however the debtor had now passed away with no estate.

RESOLVED: That Committee approve the writing off of £1,162.75 as the debt is no longer collectable as the debtor is now deceased.

271 REFERENCE FROM COMMITTEE – KIRK MILLS, CHIPPING – PLANNING APPEAL REQUEST TO APPOINT CONSULTANTS

The Director of Resources submitted a report asking Committee to consider a request from Planning and Development Committee to agree to the approval of additional budget for the appointment of consultants. Such expenditure would be met from the planning earmarked reserve and was specifically for a landscape witness and a planning witness and a Barrister.

RESOLVED: That Committee

1. approve the request for the additional revenue budget of £23,720 for the appointment of consultants as requested by the Planning and Development Committee to be funded from the planning earmarked reserve;
2. approve the request for the additional revenue budget of £8,980 for the appointment of a Barrister for the appeal; again to be funded from the planning earmarked reserve; and
3. approve the use of the planning earmarked reserve to fund any balance in excess should the actual costs be greater.

272 GRANT OF RIGHT OF WAY BY DEED OF EASEMENT OVER LAND AT HIGHFIELD DRIVE, LONGRIDGE

The Chief Executive submitted a report seeking Committee's approval for the grant of a right of way by Deed of Easement over Council owned land known as land at Highfield Drive, Longridge. The Council had been approached by the owner of the land requesting the Council to grant a right of way over the Council's land to enable the development of the owner's land. The District

Valuer had made a valuation and the owners of the land had agreed to pay the Council £50,000 for the grant of the right of way by Deed of Easement.

RESOLVED: That Committee approve and authorise the grant of the right of way by Deed of Easement over the land upon the terms proposed by the District Valuer.

The meeting closed at 7.43pm.

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