

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 1 FEBRUARY 2016

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

1 Apologies

None

2 Minutes of meeting held on 21 January 2016

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

3 Overall Revenue Budget 2016/17

3.1 The Director of Resources took members through a report on the Overall Revenue Budget for 2016/17, which was to be presented to the meeting of Special Policy and Finance Committee.

3.2 The report included the current years revised budget, the Local Government Finance Settlement 2016/17, the Collection Fund, The Revenue Budget 2016/17, Business Rates Retention.

3.3 The Budget Working Group were taken through a number of proposals, principally:

- Whether our council tax should be increased for 2016/17. The extra revenue gained by a £5 (or 3.6%) increase would be £110k each year. The Government's Spending Power projections assume we will increase our council tax by this amount in 2016/17.
The BWG recommended we increase our Band D council tax for 2016/17 by £5, therefore increasing it from £140.69 to £145.69.
- How much of general fund balances should be used to finance the revenue budget shortfall? As per our MTFS we have estimated using £200k in 2016/17 to support revenue.
The BWG considered this and recommended that a maximum of £200k should be budgeted to be used.
- Examination of how much business rates growth we can realistically expect to rely on. We have now completed our NNDR1 return for 2016/17 and expect to receive around £408k next year.
The BWG recommended using £263k of this to support the revenue budget, ie the same amount as this year
- How much New Homes Bonus we can use to support the revenue budget. We have received notification in the Finance Settlement that our NHB allocation for next year will be £1,367k. We have already committed using £676k each year to support revenue. We need to consider how much of the balance (£691k) should be further used for revenue.
The BWG recommended we use a further amount of £110,896 to support our base revenue budget. This would mean we would be relying on a total of £786,961 for 2016/17.

4 Overall Capital Programme 2016-19

- 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 £2.2m of schemes put forward, but with available resources of £481,000. This gave a shortfall in resources/excess schemes of £1,694,350. The capital programme had now been balanced based on the recommendations of CMT. This was as a result of identifying additional resources (£531,800) alternative methods of financing and the deletion of schemes (£1,162,550).
- 4.3 Following much discussion it was agreed that the Ribblesdale Pool Improvement Works scheme should be included in 2016/17 at £209,000, together with the potential external resources of £150,000 and the balance of £59,000 being funded from Fleming VAT Reserve.

5 New Homes Bonus Consultation

- 5.1 Members were provided with a report on the current position on the use of New Homes Bonus and also a copy of the Government's Technical Consultation, 'New Homes Bonus: Sharpening the Incentive'.
- 5.2 Members were asked to take away the report and to feedback any comments for inclusion in the council's response to the consultation. The deadline for responses to the Government was 10 March 2016.

6 Any Other Business

- 6.1 There were no further other items of business.

7 Date and Time of Next Meeting

The next meeting would be for the Business Rates Payers meeting on Tuesday 23 February at 3pm.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 29 JUNE 2016

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

1 **Apologies**

None

2 **Minutes of meeting held on 1 February 2016**

- 2.1 Members approved the minutes of the last meeting of the Budget Working Group. The minute on the Overall Capital Programme 2016-19 was referred to. It was confirmed that approval had been received from Sport England for the £150,000 grant funding for the 2016/17 Ribblesdale Pool Improvement Works scheme.

3 **Budget Forecast Update**

- 3.1 The Director of Resources took members through an update report on the budget forecast. The report highlighted the issues around Business Rates Retention and also the Lancashire Business Rates Pool, the consultation on future changes to business rates retention and also the Local Government Grant Settlement in December 2015 and the offer of a four year settlement, which were subject to the provision of an Efficiency Statement.
- 3.2 The uncertainty that remained around the requirement for an Efficiency Statement was discussed, as was the four year settlement and the charging of an additional tariff in 2019/20 of £109K following the withdrawal of Revenue Support Grant in 2018/19.
- 3.3 The assumptions made in the Budget Forecast were outlined which resulted in some discussion around the withdrawal of Cost Sharing by Lancashire County Council in 2018/19.
- 3.4 The outcome of the EU Referendum and potential impacts were discussed as was the forecast return on investments in light of the referendum results and the resulting turbulent market at the time of the meeting.
- 3.5 A work programme was suggested within the report and it was agreed that this would be followed. The Leader also requested a seminar type meeting for all Members around October/November on the budget process.

4 **100 per cent retention of business rates: issues for consideration**

- 4.1 A number of documents had been circulated to members on the government's proposed 100 per cent retention of business rates. These provided an in-depth insight to the latest state of discussions and meetings and some of the key issues.
- 4.2 The Director of Resources provided a recap of the current position on business rates and a summary of the proposals that had been put forward.
- 4.3 There was a discussion on the council's potential exposure to a number of risks with 100 per cent business rates retention and the current level of uncertainty around any potential safeguards to be offered by the government.

5 Capital Outturn 2015/16

- 5.1 A report on the capital outturn for the 2015/16 financial year was discussed. The Head of Financial Services took members through the details of the report and explained that the programme had largely been completed. There was slippage on a handful of schemes, being the Council Offices Roof and Windows scheme, Economic Development Initiatives scheme, Clitheroe Townscape scheme, Landlord/Tenant Grants scheme and the Disabled Facility Grants scheme. This slippage amounted to £194,920.

6 Revenue Outturn 2015/16

- 6.1 A report on the Revenue Outturn 2015/16 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 next cycle of meetings.
- 6.2 The final outturn position was that rather than taking £150,000 from general balances as forecast in the original estimate, and rather than the revised forecast of adding £170,000 to general balances, the council was actually adding £575,000 to general fund balances. This resulted in general fund balances at 31 March 2016 being £2.679m.
- 6.3 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 £598,000 on Council Tax carried forward and an overall deficit of £920,000 on Business Rates carried forward. The impact of appeals on the business rates position was explained. It was also explained that all precepting bodies take a share of the surplus/deficit and take from/reimburse the Collection Fund in future years.
- 6.4 Earmarked Reserves were also discussed, with £64,035 added to earmarked reserves, resulting in a balance at 31 March of £6.005m. The purpose and various categories of earmarked reserves were discussed.

7 Any Other Business

- 7.1 The operation of the Voluntary Organisation Grants scheme was referred to and it was agreed that a report would be brought to a future meeting in order to discuss the format of the scheme for the next application round.

8 Date and Time of Next Meeting

The next meeting was agreed as Wednesday 3 August 2016 at 4pm