

## Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 7 February 2017, starting at 6.30pm  
Present: Councillor S Hirst (Chairman)

Councillors:

S Bibby	A Knox
P Elms	G Mirfin
M French	J Rogerson
R Hargreaves	I Sayers
T Hill	D T Smith
K Hind	R J Thompson
S Hore	

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

Also in attendance: Councillors M Fenton and N Walsh.

### 539 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillor J Alcock.

### 540 DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of pecuniary and non-pecuniary interest.

### 541 PUBLIC PARTICIPATION

There was no public participation.

### 542 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2017/18. The 2017/18 grant settlement announced last December gave Councils indicative figures for a 4 year period up to 2019/20 ie a 4 year funding deal subject to Councils publishing an efficiency plan. Our efficiency plan was submitted to the Government on 13 October 2016 and confirmation was received on 16 November 2016 that we have now been placed on the multi-year settlement.

She informed Committee that having signed up to the multi-year settlement, the announcement confirms the second year of the offer. The only change from the provisional figures announced last year was an adjustment to the tariff which is required in order to cancel out the impact of the 2017 business rate re-evaluation. The tariff has reduced next year from £4.447m to £3.997m ie a reduction of £450k; this was to ensure the impact of 2017 Business Rate evaluation is revenue neutral.

Following consultation on changes to the New Homes Bonus scheme the Government had decided to:

- reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017/18 and then to 4 years from 2018/19; and
- introduce a baseline for housing growth set initially at 0.4% of the Council Tax Base for 2017/18. Housing growth below this level in each authority will not receive bonus allocations; the Government will retain the option of making adjustments to the baseline in future years in the event of a significant increase in housing growth.

Nationally, savings of £241m from the reform of the New Homes Bonus had been allocated to social care authorities through a new Adult Social Care Support Grant.

The impact on Ribble Valley for 2017/18 meant a reduction of £126k from £510k to £384k, as a result of the new 0.4% growth baseline. This meant our total allocation for next year would now be £1.570m instead of £1.815m and further reductions would be faced in 2018/19.

The report went on to include details regarding business rates, social care and Council Tax.

As announced in February 2016 the rural services delivery grant would be £65m in 2017/18 which would be paid as an un-ring-fenced Section 31 grant and was in line with the arrangements announced in last year's settlement. The Ribble Valley allocation is £86,603 for 2017/18.

The report also set out the core spending power for the Council as determined by the Government.

RESOLVED: That the report be noted.

#### 543 OVERALL REVISED CAPITAL PROGRAMME 2016/17

The Director of Resources submitted a report informing Committee of the overall revised Capital Programme. The original programme had been approved by Full Council in March 2016 and regular reports had been presented to all Committees on progress with schemes. The total approved Capital Programme for 2016/17 was £1,291,265 covering 15 schemes. The revised estimate for each of these schemes had been determined following discussion with budget holders regarding their progress and estimated full year expenditure. The revised Capital Programme now showed a reduction of £329,560; the reasons being:

Budgets moved to 2017/18:

- Clitheroe Market improvements - £175,000.

- Economic Development initiatives - £100,000.
- Clitheroe Townscape scheme - £55,000.
- Council Offices reroofing - £11,590 and Council Offices replacement windows and rooflights - £1,380 retention.

New Capital Scheme:

- Affordable Warmth – capital £15,380; the Council received confirmation from Lancashire County Council that it had been granted up to £25,629 of capital funding in 2016/17 for the Affordable Warmth Capital Grants scheme.

Actual expenditure on all schemes at the end of December 2016 was £690,369 which equated to 71.8% of the revised estimate. The main reasons for the underspend were highlighted for Committee's information.

The report went on to outline how the capital programme had been financed with a summary of the movements on available capital resources.

The overall revised Capital Programme for 2016/17 was £961,705 which was a reduction of £66,215 from the originally approved Capital Programme at this time last year. The decrease was due to £194,920 slippage from the 2015/16 Capital Programme budget and a £68,425 approval of schemes added in the current year set against a net £329,560 reduction in the overall cost of Capital Programme schemes when reviewed at revised estimate stage.

Councillor Maureen Fenton was given permission to speak on this item and asked that the Affordable Warmth scheme be advertised again.

RESOLVED: That Committee approve the overall revised Capital Programme for 2016/17.

544 FIVE YEAR CAPITAL PROGRAMME 2017/18 TO 2021/22

The Director of Resources submitted a report recommending a Capital Programme for 2017/18 to 2021/22 to Full Council on 28 February 2017. All Heads of Service have 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 have 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.

No additional schemes had been requested by service committees and the only suggested amendment was made by Policy and Finance Committee relating to the bringing forward of the two schemes for the Civic Suite totalling £56,250 from the financial year 2018/19 to 2017/18.

The Capital Programme for 2017/18 and 2018/19 financial years had already been approved in February 2016 at the special meeting of Policy and Finance

Committee; no bids had previously been considered for the 2019/20, 2020/21 and 2021/22 financial years.

A further review was undertaken of the Capital schemes that had previously been approved for the 2017/18 and 2018/19 financial years.

The introduction of the new £1 coin had been brought forward by the Royal Mint to March 2017 and likewise that element of the Capital Programme was brought forward into the 2016/17 financial year. Additionally a scheme for the replacement of the Council telephone system which was currently in the Capital Programme for the 2018/19 financial year had been moved forward to the 2017/18 financial year due to issues that had currently been experienced with the telephone system. Additionally, as referred to in the Overall Revised Capital Programme 2016/17 report, 5 schemes had been proposed to be moved to the 2017/18 financial year as they would not be completed by 31 March 2017 for various reasons.

During the review it had also been proposed that the Rapid Charge Electric Vehicle Charging Point scheme be deleted from the programme. As a result the approved Capital Programme had been amended to reflect these changes which meant that the programme for 2017/18 was a total of £1,128,310 and for 2018/19 £906,000.

A review of the new capital bids and resources had also taken place as to whether the bids merited inclusion and how they could be financed. The report outlined the Budget Working Group and Corporate Management Team recommendations. The financing of the Capital Programme would rely heavily on the use of New Homes Bonus and the largest additional funding element is the use of borrowing for the potential second deck at Chester Avenue car park. It was suggested that external consultants be engaged to undertake a piece of work on car parking in Clitheroe to ensure the underlying need to invest in this infrastructure before this scheme takes place.

In addition to the New Homes Bonus and VAT shelter earmarked reserves a number of other earmarked reserves had also been used to help support the overall Capital Programme. A total of £1,253,620 would be used from earmarked reserves to fund the Capital Programme for the 2019/20 to 2021/22 period.

The final proposed 5 Year Capital Programme was summarised for Committee to consider.

<b>Committee</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>TOTAL</b>
Community Services	447,610	648,500	1,969,320	344,120	272,000	3,681,550
Health and Housing	386,000	211,000	211,000	224,500	224,500	1,257,000
Planning and Development			14,500			14,500
Policy and Finance	294,700	46,500	45,000			386,200
<b>TOTAL SCHEMES</b>	<b>1,128,310</b>	<b>906,000</b>	<b>2,239,820</b>	<b>568,620</b>	<b>496,500</b>	<b>5,339,250</b>

<b>Financing</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>TOTAL</b>
Disabled Facility Grants	-161,000	-161,000	-161,000	-161,000	-161,000	<b>-805,000</b>
Potential External Funding for Castle Keep Repointing			-222,240			<b>-222,240</b>
New Homes Bonus Earmarked Reserve	-242,000	-209,000	-313,600	-272,000	-272,000	<b>-1,308,600</b>
VAT Shelter Earmarked Reserve	-234,000	-69,500	-127,880	-122,120	-50,000	<b>-603,500</b>
Other Earmarked Reserves	-241,300	-466,500	-96,020			<b>-803,820</b>
Usable Capital Receipts			-89,080	-13,500	-13,500	<b>-116,080</b>
Borrowing	-250,010		-1,230,000			<b>-1,480,010</b>
<b>TOTAL FINANCING</b>	<b>-1,128,310</b>	<b>-906,000</b>	<b>-2,239,820</b>	<b>-568,620</b>	<b>-496,500</b>	<b>-5,339,250</b>

Committee considered the proposed Capital Programme as outlined taking into account the proposed financing of the programme and the impacts of the proposals on the capital reserve.

Councillor Maureen Fenton was given permission to speak on this item.

\*\*\* RESOLVED: That Committee recommend to Full Council the Capital Programme for 2017/18 to 2021/22 as set out in Annex 2 of the report. \*\*\*

#### 545 OVERALL REVENUE BUDGET 2017/18

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2016/17 and to recommend a Revenue Budget and Council Tax requirement for 2017/18 to Full Council on 28 February 2017.

She gave a brief overview of the current year's revised budget for 2016/17, highlighting the main reasons for net expenditure having fallen by £192,000. She also explained the latest estimates of business rate income and the movement in earmarked reserves.

The report also outlined that as a member of the Lancashire Business Rate Pool we benefit from retaining a levy which would otherwise be payable to the Government. In 2016/17 this is estimated to be £341,753. A summary of the changes between the original and revised estimate was shown and outlined that the Council will in effect save or benefit from £192k compared with the original estimate; therefore instead of taking £200k from general fund balances at the end of the year based on these revised estimates we would only be taking £8k from balances.

The Director of Resources went on to highlight the Provisional Local Government Finance Settlement 2017/18 and the Settlement Funding Assessment the Council would receive next year.

The various factors of the collection fund were detailed and an overall surplus of £686,095 this year was estimated, consisting of Council Tax and Business Rates. The Council Tax surplus of £572,673 would be shared amongst all the major precepting authorities with our share being £59,557 and the Business Rate surplus of £113,422 would be paid out to the Government, Lancashire County Council, Lancashire Combined Fire Authority and ourselves, with our share being £45,368.

The report went on to detail the Council Tax base and the Council Tax referendum criteria. The Director of Resources highlighted the fact that current Band D tax of £145.69 meant that Ribble Valley was in the bottom quartile at 42<sup>nd</sup> out of 201 District Councils and the lowest across Lancashire districts. The report highlighted the potential amount of income which could be generated by different increases in our Council Tax level for next year.

The Director of Resources also reminded Committee that the Government had announced last year an increase in support for the most sparsely rural areas by way of a rural services delivery grant.

Reference was again made to the New Homes Bonus scheme and the changes the Government had now made to that scheme and the impact it would have on Ribble Valley.

The report set out the maximum potential budget for next year based upon a Council Tax freeze and also a £5 increase in our Band D Council Tax. If the Council were to freeze our Council Tax then there would be a budget gap of £314,936, before the use of balances. She went on to highlight some changes since budgets had been presented to Committees which reduced the shortfall to £262,588, before the use of balances.

With regard to the Business Rate Retention scheme our NNDR1 return shows that we expect to retain business rate income of £612,676 of which £262,926 will be used to fund the Revenue Budget, leaving a surplus of £349,750. Along with the retained levy this meant £800,474 would be added to the business rate volatility 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 in order to achieve an affordable budget:

- That a maximum of £250k should be used from general fund balances to finance the Revenue Budget shortfall.
- Following examination of business rates that £262,926 continues to be used to support the Revenue Budget.
- That £793,079 of our New Homes Bonus be used to support the base Revenue Budget, recognising that our New Homes Bonus is also used to fund our Capital Programme.

- That we freeze the Band D Council for 2017/18 at £145.69.

The Director of Resources went on to inform Committee of the robustness of the estimates and adequacy of the Council's balances and reserves. She outlined the recommended Revenue Budget for 2017/18 for which the net expenditure would be £5,153,957 which after use of balances would result in a net budget of £4,903,957.

The Director of Resources also commented on Parish Precepts which totalled £405,278.

She also gave Committee a summary of the updated 3 year forecast for the Revenue Budget assuming that the 2017/18 budget was agreed and highlighted the budget gap over the next 3 years.

RESOLVED: That Committee

1. approve the revised budget for 2016/17;
2. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2017/18 as set out;

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	4,903,957
Plus Parish Precepts	405,278
	<b>5,309,235</b>
Less - Settlement Funding Assessment	-1,569,143
<b>Net Requirement Before Adjustments</b>	<b>3,740,092</b>
Council Tax Surplus	-59,557
<b>Council Tax Requirement (Including Parishes)</b>	<b>3,680,535</b>

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3. recommend the budget and Council Tax requirement to the Full Council meeting on 28 February 2017.

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#### MEDIUM TERM FINANCIAL STRATEGY 2017/18 TO 2020/21

The Director of Resources submitted a report asking Committee to approve the Council's Medium Term Financial Strategy 2017/18 to 2020/21. 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 reflected the proposed Revenue Budget for 2017/18 and the proposed forward Capital Programme.

Members discussed the document and made a number of comments. There was a sentiment that the document was a position statement rather than a strategy.

However, the Director of Resources highlighted the section on Core Government Funding which made reference to the Council's Government Approved Efficiency Plan, which set out how this Council will develop its financial resilience over the next few years by:

- encouraging growth in our tax base;
- encouraging business expansion and enterprise in our area;
- continuing to deliver cost effective and efficient services;
- reviewing the major sources of income available to the Council.

The Medium Term Financial Strategy would be reviewed during the coming year.

RESOLVED: That Committee approve the Medium Term Financial Strategy for 2017/18 to 2020/21.

The meeting closed at 7.57pm.

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