

# MINUTES OF BUDGET WORKING GROUP MEETING

## HELD 7 NOVEMBER 2018

Present: Cllrs: K Hind (Chair), S Atkinson, A Brown, S Hirst, J Rogerson, R Swarbrick, Chief Executive, Director of Community Services, Director of Resources, Director of Economic Development and Planning, Head of Financial Services, Head of Revenues and Benefits.

### 1 Apologies

Cllr: A Knox

### 2 Minutes of meeting held on 3 October 2018

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

2.2 There was a discussion around car parking charges, the potential for periods of free parking and the logistics/infrastructure needed in order to be able to monitor and manage parking. Potential financial impacts from lost income were circulated at the meeting. It was confirmed by members that there was no intention to bring in any changes for the forthcoming year.

### 3 Council Tax Base

3.1 Members were taken through a report on the setting of the Council Tax base for 2019/20. The report included the history around charges made for second homes and empty properties.

3.2 Legislation had received royal assent on 1 November 2018 that would allow Billing Authorities greater freedoms in the charges that are levied on long term empty homes. The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 would increase the premium that Billing Authorities could impose on properties that have been vacant i.e. unoccupied and unfurnished for more than two years from 50% to 100%.

3.3 Additionally, from 1 April 2020 for properties that have been vacant for more than 5 years the premium could be increased to 200% and from 1 April 2021 the premium could be increased to 300% for properties that have been unoccupied for more than 10 years.

3.4 It was highlighted that the legislation did not apply to second homes or those exempt from Council Tax.

3.5 Following consideration of the details in the report and after discussion around the likely impacts of introducing any changes, Budget Working Group thought that the recommendation to Policy and Finance Committee should be that these changes should not be introduced for 2019/20, but that perhaps the council should see how other local authorities perform over the following 12 months.

3.6 The report also showed the movements on the council's taxbase over the years, and the taxbase that would be set for 2019/20 would be 23,209 (an increase of 1.3%, or 307 on that for 2018/19 (22,902).

3.7 Policy and Finance Committee would decide whether the council should consider the new council tax flexibilities provided by the new legislation at their meeting on 20 November 2018.

3.8 There was a general discussion around the Collection Fund and the calculation of the Surplus and Deficit on this account and the impacts for precepting bodies. It was agreed that details of the Collection Fund and the calculation of the surplus/deficit would be brought back to a future meeting.

#### **4 Autumn Statement**

- 4.1 The Director Resources took members through a report which detailed some of the key impacts on local government from the Autumn Statement.
- 4.2 A number of changes around Business Rates were announced and it was highlighted that the council should be recompensed through S31 grants for any adverse financial impacts.
- 4.3 Other discussions were held around S106 monies and also around the announcements for supporting high streets. It was important that a regular review was kept for any forthcoming consultations and bidding opportunities.
- 4.4 A briefing document from the Local Government Association on the Budget was circulated and members were also directed to the HM treasury website for the full autumn statement.

#### **5 Local Government Finance: Review of Governance and Processes**

- 5.1 Members were taken through a report summarising the outcome of the *Local Government Finance: Review of Governance and Processes*. A full copy of the reported findings was provided.
- 5.2 It was highlighted that in the report was a consideration of the overall approach to annual decisions on the local government finance system, with a recommendation, which had been accepted by the Minister, that the provisional settlement should take place around 5 December and the final settlement no later than 31 January.

#### **6 Earmarked Reserves**

- 6.1 A report had been provided for members on the council's Earmarked Reserves. The report gave details of the different categories of reports that were held and the movement over the last five years. The annex to the report provided a breakdown by each individual reserve and the movements both in and out of the reserves.
- 6.2 The report identified the key uncertainties affecting the level of earmarked reserves, particularly around the withdrawal of RSG, the uncertainty around the future of New Homes Bonus and the Fair Funding Review and Business Rates Growth.

#### **7 Any Other Business**

- 7.1 There was a discussion around Voter ID and elections.

#### **8 Date and Time of Next Meeting**

4pm Wednesday 12 December 2018 in Committee Room 1

# MINUTES OF BUDGET WORKING GROUP MEETING

HELD 17 JANUARY 2019

Present: Cllrs: S Atkinson (Chair), A Brown, R Swarbrick, Chief Executive, Director of Community Services, Director of Resources, Head of Financial Services.

## 1 Apologies

Cllrs: S Hirst, A Knox and J Rogerson. Director of Economic Development and Planning.

## 2 Minutes of meeting held on 7 November 2018

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

## 3 Provisional Local Government Finance Settlement 2019/20

3.1 A report was presented by the Director of Resources on the Provisional Local Government Finance Settlement 2019/20. It was explained that the information presented was in respect of the provisional settlement, with the final settlement expected to be laid before the House of Commons in February.

3.2 The report gave key information around:

- Provisional Settlement Funding Assessment - £1,440,600 for 2019/20.
- New Homes Bonus - no change to the baseline for 2019/20, but still uncertainty going forward.
- Business Rates - confirmation that the new Lancashire Pilot pool had officially been designated by MHCLG, subject to any parties withdrawing within the 28 days after the Provisional Local Government Finance Settlement date of 13 Dec 2018. Extra growth retained for this council was indicated as £360k.
- Levy Account Adjustment – the Government had announced that there was a surplus on the levy account (where levies from authorities payable on growth are used to compensate those authorities below their safety net threshold). This was to be distributed and this council were to benefit by £20,446.
- Negative Revenue Support Grant – this would be eliminated by the Government for 2019/20 via foregone business rate receipts. Negative RSG for this council would have been £109k.
- Rural Services Delivery Grant – the council's initial allocation for 2019/20 of £86,603 would be increased to £107,921.
- Social Care – whilst not directly impacting this council, there was extra funding announced of £650m in 2019/20 for local authorities.
- Council Tax Referendum Principles – for this council there was the ability to increase council tax by up to 3% or up to and including £5, whichever is higher.
- Spending Power – the Government's calculation of 'Spending Power' for this council was identified as being £6,754,763 in 2019/20.

3.3 There was a discussion about the Government's calculation of 'Spending Power' and the principles that it was based on. The Chair made reference to the efficiencies of the Council in respect of the increase in households compared to the increase in the level of council tax income over past years. There was also a discussion on Job Evaluation and market forces on pay.

3.4 The 2019 Spending Review was discussed, it confirming the overall local government resourcing from 2020/21, with the government working towards significant reform, including:

- updated, more robust and transparent distribution methodology following the review of relative needs and resources.
  - reforms to business rates retention, including resetting business rates baseline.
- 3.5 The deadline for the consultations regarding these areas was 21 February 2019 and it was agreed that a draft response would be brought to the next meeting.

#### **4 Revenue Budget 2018/19 and 2019/20 Latest Position**

- 4.1 An update on the revised budget for 2018/19 and the budget position for 2019/20 was provided to members by the Director of Resources. The main variances from original estimate to revised estimate 2018/19 were provided within the report. Overall, revised committee budgets were forecast to be £144,900 above the original estimate.
- 4.2 The use of general balances also showed a likely decrease from taking £170,738 to taking £54,388. Net resources being added to Earmarked reserves were forecast to decrease from adding £1,416,194 to adding £1,339,693.
- 4.3 Looking forward to the 2019/20 original estimate, committee expenditure was set to increase by £491,660 compared to the original estimate for 2018/19. Again the main variances were provided within the report.
- 4.4 Looking at earmarked reserves, there was a forecast of £303,459 less being added, compared to the original estimate 2018/19.
- 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 on Business Rates. It was explained that a clearer forecast for Business Rates should be available over the next week, once the NNDR1 return had been finalised.
- 4.6 Members were asked for a number of decisions to be made in order to further progress the budget for 2019/20:
- **Use of balances.** Members confirmed the use of balances of £82,376 to support the revenue budget.
  - **Council Tax.** Members agreed to progress on the basis of a zero increase in the council's Band D council tax (£150.69).
  - **New Homes Bonus.** Members agreed to leave the amount used to fund the revenue budget at the current level of £1,105,000.
  - **Business Rates Growth.** Members agreed to increase the amount of business rate growth/retained levy under pooling up to £675,514 per annum.
- 4.7 Members agreed that the Revenue Budget report to Special Policy and Finance Committee was to be prepared on the basis of the responses to the above questions.

#### **5 Five Year Capital Programme to Date**

- 5.1 The Head of Financial Services updated members on the latest position with regard to the five year capital programme. All bids had been considered, together with the new Edisford Sports Complex bid and the additional scheme as proposed by Community Services Committee.
- 5.2 CMT had reviewed which schemes to now take forward and add to the five year capital programme 2019/20-2024/25. A number of recommendations had been made and members were taken through each of these.
- 5.3 Suggested funding for the resulting five year capital programme was also provided, which was supported by members.

- 5.4 The budget working group agreed with the proposals in the report, with the minor adjustment that the Castle Repointing scheme also be moved from 2019/20 to 2020/21 to give more time to identify external funding in order to allow the scheme to progress.
- 5.5 Members agreed that the five year capital programme report to Special Policy and Finance Committee was to be prepared on the basis of what had been presented, with the additional adjustment for the castle Repointing scheme.

**6 Any Other Business**

- 6.1 The requirement for the statutory meeting with Representatives of Business Rates Payers was discussed, and it was agreed that this would be held after the next Budget Working Group meeting.

**7 Date and Time of Next Meeting**

3.15pm to 4.00pm Monday 11 February 2019 in Committee Room 1 meeting of the Budget Working Group, followed by

4.00pm Monday 11 February 2019 - statutory meeting with Representatives of Business Rates Payers.

*Apologies were given in advance by the Director of Community Services.*