

## Minutes of Special Policy & Finance Committee

Meeting Date: Tuesday, 4 February 2020, starting at 6.30pm  
Present: Councillor S Atkinson (Chairman)

Councillors:

S Bibby	J Hill
A Brown	M Hindle
S Carefoot (6.37pm)	S Hore
J Clark	A Knox
S Fletcher	D Peat
M French	

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

Also in attendance: Councillor B Buller.

### 579 APOLOGIES

Apologies for absence from the meeting were submitted on behalf of Councillors S Hirst, J Rogerson and R Thompson.

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

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

### 581 PUBLIC PARTICIPATION

There was no public participation.

### 582 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2020/21

The Director of Resources submitted a report for Committee's information providing details of the provisional finance settlement for 2020/21. The Local Government Finance Settlement is the annual determination of funding to Local Government and is approved by the House of Commons.

The Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP, issued a written Ministerial Statement to the House of Commons which set out the Local Government Finance Settlement for 2021. The consultation period ended 17 January 2020 and it was expected the final settlement would be laid before the House of Commons in February.

2019/20 was the final year of the 4-year multi-settlement. A review of both the fair funding and business rate retention had been expected to be completed and effective from 2020/21. However in September the Government announced that these were both being put back until April 2021. Our settlement was therefore only for 1-year.

To reflect the 1-year spending round the Government was proposing to roll forward core components of the 2019/20 Local Government finance settlement and there would be additional funding of £1.5bn available for adults and children's social care.

The Government also intended to increase elements of core settlement funding in line with inflation and maintain key Local Government grants at 2019/20 levels.

These would include:

- updating the 2019/20 settlement funding assessment in line with the change in the small business non-domestic rating multiplier; and
- eliminating negative RSG in 2020/21 which would mean Ribble Valley would be £109k better off.

With regard to the rural services delivery grant the Government had announced that they would continue with this at previous levels of £81m. For Ribble Valley this would mean we will receive £107,921 the same allocation as in 2019/20.

The Director of Resources reminded Committee that the Government had announced reforms to the New Homes Bonus Scheme following a consultation exercise in December 2016, however following a recent technical consultation the Government were now proposing the following for 2020/21:

- No change to the payments baseline at 0.4%.
- Retaining the £900m top slice of RSG to fund the NHB payments.
- A new round of allocations for 2020/21 allocated in line with previous years.
- Making no legacy payments on these new allocations but making legacy payments on allocations from previous years.

This would mean our in-year allocation for 2020/21 would increase from £464k to £490k. Evidence of the impact of down bandings had also been submitted. Our total provisional allocation for next year is £1.758m compared with £1.666m in 2019/20.

The Government had confirmed that 75% business rate pilots would cease at the end of March 2020. However an application for the 50% Lancashire Pool had been approved. This would operate on the same basis as it did in 2018/19 with Members benefitting from retaining levies on growth above their baseline instead of paying these over to the Government. Lancashire County Council would receive 10% of the total retained levies. In addition as Lead Authority we would receive £20,000 and act as a channel for all payments to and from MHCLG.

With regard to Council Tax, the Director of Resources informed Committee that the Government had decided upon several referendum principles which included Shire District Councils in two tier areas being allowed increases of up to 3% or £5 whichever was higher; this would not apply to Parish or Town Councils.

The Budget Working Group had considered the draft provisional settlement at its meeting on 16 January 2020 and submitted a response to the consultation, that was included in the report for Committee's information.

RESOLVED: That the report be noted.

#### 583 OVERALL REVISED CAPITAL PROGRAMME 2019/20

The Director of Resources submitted a report informing Committee of the overall revised Capital Programme for 2019/20.

The original programme had been approved by Full Council in March 2019 and regular reports had been presented to all Committees on progress with the schemes. The total approved Capital Programme for 2019/20 was £4,099,300 over 33 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 at £3,562,870 for 29 schemes which was a reduction of £536,430 from the previously approved Capital Programme budget and a reduction of 4 schemes. The main reasons for the budget changes were outlined in the report. These included the schemes where full budget was proposed to be moved to 2020/21, where part of the budget was proposed to be moved to 2020/12, where scheme had been reduced or increased and where budgets were to be transferred between schemes in year.

The report went on to outline how the Capital Programme had been financed with a summary of the movement on the capital earmarked reserve.

The Council relies heavily on the use of its earmarked reserves to fund the Capital Programme. In 2019/20 the estimated use of earmarked reserves would be £2,539,580. The balance of the funding comes from grants and contributions of £905,290 and borrowing of £118,000. The Council's policy was to maintain the capital earmarked reserve at or above the minimum recommended balance of £350,000, which it would be for 2019/20.

At the end of December 2019 £2,601,569 had been spent or committed on Capital Programme schemes. This equated to 73% of the full year proposed revised Capital Programme budget. 11 of the 29 schemes had been completed and of the other 18 schemes in the programme, 9 were currently on track to be completed in year; 3 were on track to be completed in year subject to tight procurement, permissions and supplier target dates being met; 1 was on track to be fully completed in year workwise but financial completion in 2020/21; 3 would be partly completed at year end and fully completed in 2020/21; and 2 were ongoing demand-led capital grant schemes. Progress on these schemes with variances were outlined in the report.

RESOLVED: That Committee approve the overall revised Capital Programme for 2019/20.

## FIVE-YEAR CAPITAL PROGRAMME 2020/21 TO 2024/25

The Director of Resources submitted a report with details of the previously approved Capital Programme schemes for 2020/21 to 2022/23 asking for Member consideration of a number of adjustments. The report also asked for Member consideration of the new capital scheme bids that had been submitted for the future 5-year Capital Programme 2020/21 to 2024/25 that would be recommend to Full Council on 3 March 2020.

Full details of all these bids had been presented to Service Committees during the October/November 2019 cycle of meetings as part of the forward Capital Programme reports.

The Budget Working Group, together with Corporate Management Team had met to consider the draft programme and made a number of adjustments; these were highlighted.

The review of the capital bids focused on the level of uncertainty around future local government funding at this time, notably New Homes Bonus and Business Rates.

With significant finance reforms expected by April 2021 it was seen as prudent to approve new schemes that could be afforded with limited use of resources, with no use of New Homes Bonus monies and use of Business Rates Growth being limited to approximately £500,000.

It was noted that those schemes that had not been proposed for inclusion in the capital programme had not been excluded on a permanent basis, but that any decision would be deferred until next year when further details around local government funding should be known, allowing more informed decision making.

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

<b>Committee</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>TOTAL</b>
Community Services	1,614,000	578,200	626,900	510,800	451,000	3,780,900
Economic Development	81,750	0	0	0	0	81,750
Health and Housing	513,940	424,300	397,000	509,600	397,000	2,241,840
Planning and Development	40,920	0	0	0	0	40,920
Policy and Finance	204,530	0	226,600	118,200	88,080	637,410
<b>TOTAL</b>	<b>2,455,140</b>	<b>1,002,500</b>	<b>1,250,500</b>	<b>1,138,600</b>	<b>936,080</b>	<b>6,782,820</b>

<b>Committee</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>TOTAL</b>
Disabled Facility Grants	-347,000	-347,000	-347,000	-347,000	-347,000	-1,735,000
VAT Shelter Earmarked Reserve	-162,960	-50,000	-50,000	-50,000	0	-312,960
Capital Earmarked Reserve	-114,210	0	0	-401,982	0	-516,192
New Homes Bonus Earmarked Reserve	-272,000	-272,000	0	-306,637	0	-850,637
ICT Renewals Earmarked Reserve	-30,000	0	-24,241	0	-63,400	-117,641
Vehicle and Plant Renewal Earmarked Reserve	0	0	-37,500	-13,530	0	-51,030
Fleming VAT Earmarked Reserve	-15,100	0	-38,272	-5,451	0	-58,823
Refuse (Wheeled Bins) Earmarked Reserve	-13,000	-13,000	-13,000	-14,000	-15,000	-68,000
Business Rates Growth Earmarked Reserve	-60,880	0	-474,387	0	-480,680	-1,015,947
Planning Earmarked Reserve	-14,500	0	0	0	0	-14,500
Rural Services Delivery Grant Earmarked Reserve	-72,690	0	0	0	0	-72,690
Usable Capital Receipts	-65,800	-98,260	-266,100	0	0	-430,160
Borrowing	-1,287,000	0	0	0	0	-1,287,000
External Funding towards Castle Keep Repointing	0	-222,240	0	0	0	-222,240
External Funding towards Mardale Changing Rooms	0	0	0	0	-30,000	-30,000
<b>TOTAL</b>	<b>-2,455,140</b>	<b>-1,002,500</b>	<b>-1,250,500</b>	<b>-1,138,600</b>	<b>-936,080</b>	<b>-6,782,820</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.

RESOLVED: That Committee

\*\*\*

1. recommend to Full Council the Capital Programme for 2020/21 to 2024/25 as set out in Annex 1 of the report; and

\*\*\*

2. ask officers to carry out a feasibility study regarding the Chester Avenue Car Park scheme and submit this to Policy and Finance Committee for further consideration.

585

## OVERALL REVENUE BUDGET 2020/21

The Director of Resources submitted a report asking Committee to approve the revised Revenue Budget for 2019/20 and to recommend a Revenue Budget and Council Tax requirement for 2020/21 to Full Council on 3 March 2020.

She gave a brief overview of the current year's revised budget for 2019/20 highlighting the main reasons for net expenditure having increased by £62k.

A significant element of our income is business rate growth and the Director of Resources outlined the latest estimate of Ribble Valley's share of business rate income for the current year. Also showing the benefit from retaining a levy as a member of the current Lancashire Business Rate Pool. In 2019/20 we would retain additional growth of £663,476 simply from being a 75% pilot member.

When setting the original budget it had been agreed to use £675,514 of business rate growth to fund the Revenue Budget and £1,522,540 to fund the Capital Programme. Based on the latest position we expect to receive £2.360m, use £1,381,940 to fund the Capital Programme and £675,514 to fund the Revenue Budget; therefore the revised difference of £302,207 would be added to the business rate growth reserve.

She highlighted the forecast transfers to and from earmarked reserves compared with the original estimate and also gave a summary of the changes.

The overall position showed that instead of taking £94k from general fund balances at the end of the year, based on these revised estimates we would be taking £156k from balances.

Looking forwards to 2020/21, the Director of Resources briefly highlighted the key elements of the provisional grant settlement for 2020/21; rural services delivery grant, negative revenue support grant and future year's Government funding.

The report went on to detail the Council Tax Base and the Council Tax Referendum criteria. The Director of Resources highlighted the fact that the current Band D tax of £150.69 meant that Ribble Valley was in the bottom quartile of all Councils at 30<sup>th</sup> out of 192 district councils and the lowest across Lancashire districts. The report highlighted the potential amount of income which could be generated by increasing our Council Tax by £5 (the maximum allowed for next year). This would generate £118,115 each year in extra revenue and in addition the increase to our tax base generates a further £62,386.

Reference was made to the New Homes Bonus Scheme and the Director of Resources informed Members that our in-year allocation for 2020/21 would increase from £464k to £490k.

With regard to the Business Rate Retention Scheme our NNDR1 return had been submitted and based on the new 50% Lancashire Business Rate Pool

arrangements which would replace the 75% Lancashire Pilot it was anticipated our share of business rates for next year would be £1,981,033 of which £857,000 would be used to fund the Revenue Budget leaving a surplus of £1,105,519 to add to earmarked reserves or used to fund capital expenditure.

She drew Members' attention to the fact that the estimated balance of the volatility reserve stands at £1.682m. This was sufficient to provide a safety net protection which we have had to forgo as a pool member at 92.5% of our business rate. Since reaching this level we have created a business rate growth earmarked reserve to support both the Revenue Budget and Capital Programme.

With regard to the Revenue Budget 2020/21 the Committee expenditure was set to increase by £228k; the reasons for this were varied and had been reported to Service Committees in budget reports. After adding charges to the budget not included in budget reports, the total budget gap was £36,927.

The Director of Resources also highlighted other major changes not included in Committee budgets for 2020/21:

- Review of Local Plan – estimated costs over 3 years - £300,000.
- Paper – a reduction in income of £44,300 last year, and worsening conditions.
- Pay award – the pay award for 2020/21 had not yet been settled with the staff pay claim at 10% and only 3% allowed in the budget.
- Personnel Committee – at their meeting on 15 January 2020 had agreed to make 2 posts full-time - £16,500.
- Difficulties in recruitment and retention – remuneration packages may well have to be considered again, having experienced difficulties in retaining and recruiting posts.
- Feasibility study for Edisford Car Park extension – a feasibility study would be carried out before the Edisford Car Park extension scheme was progressed - £10,000.
- Freedom March – extra revenue budget for the Freedom March in April - £7,500.

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 have made a number of recommendations in order to achieve an affordable budget:

- That the costs of reviewing the Local Plan should be added to the Revenue Budget and that year 2 and 3 costs should also be included in the budget forecast at £190,000, £108,000, £2,000 respectively.
- The inclusion of all other extra added growth items including establishment charges, Freedom March and the feasibility study for Edisford Car Park at £34,000.
- The impending changes to the New Homes Bonus Scheme be recognised and that £1,105,000 be used to fund the 2020/21 Revenue Budget.

- That £875,501 of business rate growth be used to support the 2020/21 Revenue Budget.
- That the level of Council Tax be increased by £5 in our Band D tax for 2020/21 to assist in bridging the budget gap - £118,115.
- That the remaining shortfall of £142,802 be met from general fund balances.

The Director of Resources went on to inform Committee of the robustness of the estimated and adequacy of the Council's balances and reserves.

She outlined the recommended Revenue Budget for 2019/20/21 with expenditure of £5,256,980 which after use of balances would result in a net budget of £5,114,168. This would still leave £2.173m in general fund balances at the end of March 2021.

The Director of Resources gave Committee a summary of the updated 3-year budget forecast for the Revenue Budget assuming that the 2020/21 budget was agreed and highlighted the budget gap over the next 3 years. She pointed out that the outcome of the fair funding review, the potential changes to the New Homes Bonus Scheme and the implications of business rate retention reforms would be crucial in terms of the future budget forecast.

RESOLVED: That Committee

1. approve the revised budget for 2019/20;
2. approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2020/21 as set out:

<b>BUDGET AND COUNCIL TAX REQUIREMENT</b>	
	<b>£</b>
RVBC Net Budget	5,114,168
Plus Parish Precepts (Annex 7)	507,581
	<b>5,621,749</b>
Less - Settlement Funding Assessment	-1,354,393
<b>Net Requirement Before Adjustments</b>	<b>4,267,356</b>
Council Tax Surplus	-81,910
<b>Council Tax Requirement (Including Parishes)</b>	<b>4,185,446</b>

\*\*\*

3. recommend the budget and Council Tax requirement to the Full Council meeting on 3 March 2020.

\*\*\*

The meeting closed at 7.36pm.

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