

Minutes of Policy and Finance

Meeting Date: Tuesday, 22 February 2022, starting at 6.30 pm
Present: Councillor S Atkinson (Chair)

Councillors:

D Berryman	J Hill
S Bibby	M Hindle
A Brown	S Hirst
S Fletcher	S Hore
M French	K Horkin (arr. 6.40pm)
G Hibbert	D Peat

In attendance: Chief Executive, Director of Resources, Director of Community Services, Director of Economic Development and Planning and Head of Financial Services

Also in attendance: Councillors L Edge, G Mirfin and R Newmark

675 APOLOGIES FOR ABSENCE

Apologies for absence from the meeting were received from Councillors J Clark and R Thompson.

676 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING AND THE EMERGENCY COMMITTEE ON 25 JANUARY 2022

The minutes of the meeting held on 18 January 2022 and Emergency committee on 25 January 2022 were approved as a correct record and signed by the Chairman.

677 DECLARATIONS OF DISCLOSABLE PECUNIARY, OTHER REGISTRABLE AND NON-REGISTRABLE INTERESTS

There were no declarations of disclosable pecuniary, other registrable or non-registrable interests.

678 PUBLIC PARTICIPATION

There was no public participation.

679 FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2022/23

The Director of Resources submitted a report for committee's information providing details of the Final Local Government Finance Settlement for 2022/23. The Local Government Finance Settlement is the annual determination of funding to Local Government and is approved by the House of Commons and was issued on 16 December 2021.

The Secretary of State for Housing, Communities and Local Government, Michael Gove, issued a written ministerial statement to the House of Commons which set out the Local Government Finance Settlement for 2022/23. The consultation period ended on 13 January 2022 and the final settlement was announced on 7 February 2022.

The final settlement figures were broadly in line with the provisional figures and was for one year only which made long term financial planning very difficult. For Ribble Valley the council core spending power in cash terms equated to 0.6% ie £39,000, and assumes that the Council would increase their share of the council tax by the maximum amount.

A new one off 2022/23 Services Grant of £93,368 to provide funding for all tiers of local government in recognition of our services and includes the costs of the increase in NI contribution had been allocated. This would not form part of any transitional protection.

With regard to the rural services delivery grant the Government had announced that this would be continued with the same amount of £113,250 being awarded as last year.

The Director of Resources informed committee that the one-off 'lower tier services' grant would continue for 2022/23. Ribble Valley would receive £61,960.

She also reported that the Government had allowed a new round of New Homes Bonus allocations in respect of 2022/23 which would not attract any future legacy payments. They had also allowed the one remaining legacy payment of £464k. This would mean we will receive £741k for 2022/23 along with the legacy payment of £464k = £1.2m.

Ribble Valley BC remained a member of the Lancashire Business Rate pool which would continue in 2022/23, where members benefit from retaining levies on growth above their baseline, and as Lead Authority also received £20k to act as a channel for payments.

Regarding council tax, the Director of Resources informed committee that the Government had decided that we would be allowed to increase our council tax by £5 without having to hold a referendum. Should this be agreed, it would generate extra council tax income of £123k.

680

OVERALL REVISED CAPITAL PROGRAMME 2021/22

The Director of Resources submitted a report informing committee of the overall revised capital programme for 2021/22.

The original programme had been approved by Council in March 2021 and regular reports had been presented to all committees on progress with the schemes. There had been a number of further approvals and adjustments made during the year resulting in the total approved Capital Programme for 2021/22 of £3,453,420 over 31 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 stood at £1,761,370 which was a reduction of £1,692,050 from the previously approved capital programme and a reduction of 7 schemes. The main reasons for the budget changes were outlined in the report.

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

Earmarked reserves are used to fund £540,420 of the 2021/22 proposed revised capital programme, with the balance of the funding coming from usable capital

receipts of £74,910, grants and contributions of £1,131,040 and borrowing of £15,000.

At the end of December 2021 £784,801 had been spent or committed on capital programme schemes. This equated to 44.6% of the full year proposed revised capital programme budget. Of the 23 schemes 3 had been completed; 18 were in progress and 2 were on-going demand-led Housing capital grant schemes. Progress on these schemes with variances were outlined in the report.

Cllr R Newmark was given permission to speak on this item.

RESOLVED THAT COMMITTEE:

Approve the overall revised capital programme for 2021/22.

Councillor K Horkin joined the meeting.

681

THREE YEAR CAPITAL PROGRAMME 2022/23 – 2024/25

The Director of Resources submitted a report providing members with details of the previously approved capital programme schemes for 2022/23 to 2024/25, and the movement of some schemes from 2021/22 to 2022/23 following the revised capital programme 2021/22 review for recommendation to Council on 8 March 2022.

This year there were no new bids to consider, and the capital programme would go forward as a three-year capital programme rather than a five-year capital programme.

New bids had been sought and reported to service committees but in the light of the uncertainty regarding local government funding beyond 2022/23 and the impending fair funding review, had been set aside until later in the 2022/23 financial year.

Heads of Service had reviewed and updated the existing three-year capital programme covering 2023/24 to 2024/25.

The previously approved capital programme was summarised along with a number of adjustments proposed totalling £215,000, so increasing the programme from £3,526,480 to £3,741,480. Of the £215,000, £138,000 would be funded from increased Disabled facility grant funding. The balance of £77,000 would be funded from the Business Rate Growth Earmarked Reserve.

In addition, the external funding of £222,240 towards the Castle Keep Repointing scheme was unlikely to materialise so it was proposed that the balance of this scheme be funded from the Business Rates Growth Earmarked Reserve.

A further scheme had been approved by Community Services committee in respect of the Mardale Playing Pitches in the sum of £80,900 that would be fully funded from S106 monies.

In revising the 2021/22 capital programme, there had been 12 schemes/part schemes totalling £1,736,890 proposed to be moved to the 2022/23 financial year as they would not be completed by 31 March 2022 for various reasons.

Two of these schemes required additional funding due to increased scheme prices that would result in a further increase of £4,700 that would be funded from the Business Rates Growth Earmarked Reserve.

The final proposed capital programme and its financing was outlined for committee.

Reference was made to the Chester Avenue Car Park scheme and whether this was needed given the pressures on the Council's resources for other schemes. The Chairman reminded members that it had already been agreed previously that the scheme would not go ahead before full consideration was given by this Committee.

RESOLVED THAT COMMITTEE:

1. Recommend the Capital Programme for 2022/23 to 2024/25 as set out in the report to Full Council on 8 March 2022, and
2. Ask for due diligence work to be undertaken on all new capital bids to enable further consideration over the summer when we know the impact of the pending key financial reforms.

682

INFLATION AND THE REVENUE BUDGET 2022/23

The Director of Resources submitted a report providing members with information on the inflationary increases allowed for in the 2022/23 revenue budget, and the potential impact of further inflationary increases above that allowed for in the budget.

Committee were informed that inflation had been increasing substantially over the last twelve months reaching 5.4% in January 2022, largely driven by items such as vehicle fuel and utilities, particularly gas and electricity costs. The Bank of England were currently forecasting that inflation would reach 7.25% by spring.

Some substantial increases had already been allowed for in the budget in respect of the council's own direct costs in these areas, but suppliers were now passing on substantially more of their own costs in their prices as inflation becomes more sustained.

To be able to set a prudent and affordable budget it would be recommended that a contingency for inflationary increase be provided for within the budget for 2022/23 of at least £140,000 which allowed a further 1% inflationary increase on top of the 2% allowed on pay and the 3% allowed for on prices.

Councillor G Mirfin was given permission to speak on this item.

683

OVERALL REVENUE BUDGET 2022/23

The Director of Resources submitted a report asking committee to approve the revised Revenue Budget for 2021/22 and to recommend a revenue budget and council tax requirement for 2022/23 to Council on 8 March 2022.

The revised budget now forecast that instead of having to take £400k from general fund balances to balance the budget, £198k would now be added to balances at the end of the year.

She explained the main reasons for committee expenditure having fallen by £360k.

A significant element of our income was 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.

When setting the original budget it had been agreed to use £795,549 to fund the revenue budget and £85,200 to fund the capital programme. Based on the latest position we expect to receive £1.469m, use £85,200 to fund the capital programme,

use £795,549 to fund the base revenue budget and use £6,675 of further revenue in year expenditure approved by the Emergency committee; therefore, the revised difference of £581,719 would be added to the business rate growth reserve.

She informed committee that there were further in year complications due to the late announcement in March 2021 of 100% retail discount for the 3 months to 30 June 2021 followed by a 66% discount for the remaining 9 months. The section 31 grant for the expanded retail discount would be moved into next year by setting aside in an earmarked reserve totalling £1.641m.

The forecast transfers to and from earmarked reserves compared with the original estimate were highlighted, in particular the addition of £1.766m to earmarked reserves largely due to timing differences in receipt of section 31 grants that would need to be carried forward to offset the deficit to be faced next year.

Looking forward to 2022/31, the Director of Resources briefly highlighted the key elements of the final grant settlement; rural services delivery grant; lower tier services grant; 2022/23 services grant; future years government funding and the reforms due to come on Fair Funding Review, Business Rate Retention reform and New Homes Bonus scheme.

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 £155.69 meant that Ribble Valley was in the bottom quartile of all district councils at 28th out of 188 and the lowest across Lancashire districts. The report outlined the potential amount of income that would be generated by increasing the Council Tax by £5 (the maximum allowed for next year). This would generate £122,765 in extra revenue and in addition the increase in the tax base would generate a further £85,007

Reference was made to the New Homes Bonus scheme and the Director of Resources informed members that we currently rely on £1.105m each year to fund the revenue budget. The assumption had been made that 2022/23 was the last year of the scheme and could not, therefore be relied upon to fund the revenue budget going forward.

With regard to the Business Rate Retention Scheme the NNDR1 return had been submitted and based on the share of business rate income from the Lancashire Business Rate Pool it was anticipated that the total business rate income for next year would be £1,879,798 of which £795k would be used to fund the revenue budget and a further £296k to fund the cost of the new pay line. It was also planned to use £512k to fund the capital programme along with £219k agreed elsewhere on the agenda due to changes on schemes.

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 would have to forgo as a pool member of 92.5% of our business rate growth. Since reaching this level a Business Rate Growth Reserve had been created to support both the revenue and capital programme.

For Ribble Valley the core spending power had been increased by just 0.6% and the report outlined possible transitional arrangements following the outcome of key financial reforms.

The Director of Resources reported that the Collection Fund was likely to produce an overall deficit of £3,112,640 this year, that consisted of a surplus for council tax of £1,260,939 and a deficit for business rates of £4,373,579 mainly due to the awarding in year of £3.988m of retail discount. The council tax surplus would be shared

amongst all the major precepting authorities with our share being £115,329 and the business rate deficit would be jointly borne with our share being £1,749,431.

Regarding the revenue budget 2022/23 the Director of Resources outlined the provisional base position as agreed by service committees. Committee expenditure was set to increase by £699k for reasons outlined and reported to the service committees.

She highlighted the capital adjustments, movement of other items, substantial increase in inflation, the pay award and continuing difficulties in recruitment and retention that may need to be addressed. She informed committee that growth items totalling recurring bids of £525,210 and non recurring bids of £67,750 had not been included in the figures at this time.

Given the future uncertainties she gave an indication based on assumptions of the annual budget shortfall for the years up to 2026/27 and the potential call on reserves.

The Director of Resources reminded advised committee that the Budget Working Group had considered the Council's financial and overall budget position for the next year and had made a number of recommendations in order to achieve an affordable budget:

- That a contingency be added to next year's revenue budget of £140,000 for inflation and the budget working group closely monitor the impact of inflation on the Council's budget throughout the year.
- That a contingency be added to next year's budget of £50k for potential further income losses due to the covid pandemic.
- They recommend that no growth bids be included at this stage in the next year's budget but asked for due diligence work be undertaken on all revenue bids for further consideration over the summer when the impact of the pending key financial reforms is known.
- That £795k of business rate growth fund be used to support the 2022/23 revenue budget plus £296k to fund the 2022/23 cost of the new pay line.
- That £1.105m of New Homes Bonus be used to fund the revenue budget.
- That a £5 increase be made to the Band D council tax for 2022/23 to £160.69.
- That £250,000 be used from General Fund balances as per the budget forecast with an additional £162k to fund the budget gap = £412k.

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

She outlined the recommended Revenue Budget for 2022/23 was a net budget of £5,415,359. This would still leave £2.319m in general fund balances at the end of March 2023.

The Director of Resources gave committee a summary of the updated 5-year budget forecast for the revenue budget assuming that the 2022/23 budget was agreed and highlighted the budget gap over the next 5 years. She pointed out if these proved correct then £8.363m of our earmarked reserves / general fund balances would be required for the period 2024/25 to 2026/27.

Members discussed various aspects of the proposed budget.

RESOLVED THAT COMMITTEE:

1. Approve the revised revenue budget for 2021/22,
2. Approve the Budget Working Group's recommendations and set a budget and Council Tax requirement for 2022/23 as set out:

BUDGET AND COUNCIL TAX REQUIREMENT	
	£
RVBC Net Budget	5,415,359
Plus Parish Precepts (Annex 3)	517,347
	5,932,706
Less - Settlement Funding Assessment	-1,354,608
Net Requirement Before Adjustments	4,578,098
Council Tax Surplus	-115,329
Council Tax Requirement (Including Parishes)	4,462,769

3. And recommend the budget and council tax requirement to Council on 8 March 2022.

684 EXCLUSION OF PRESS AND PUBLIC

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

685 COUNCIL OWNED ASSETS

The Director of Economic Development and Planning submitted a report informing committee of the current position regarding several Council owned assets and seeking approval to dispose of them.

These related to the former ticket office at Clitheroe Railway Station and the former physiotherapy centre at Back King Street, Clitheroe. She highlighted the background relating to each one and informed committee that the assets had been reviewed on behalf of the Council and recommendations made. She advised committee that the matter of the Over 60's club premises in Longridge would be withdrawn pending consideration by the Longridge Asset Working Group.

RESOLVED THAT COMMITTEE:

1. Approve and authorise the Director of Economic Development and Planning to procure services to market the former ticket office for rent,
2. Approve and authorise the Director of Economic Development and Planning to procure services to market the former Physiotherapy Centre for rent; and

3. Delegate authority to the Chief Executive to enter into rental agreements for both the former ticket office and physiotherapy centre subject to suitable offers being made.

The meeting closed at 7.45 pm

If you have any queries on these minutes please contact the committee clerk, Olwen Heap 01200 414408 olwen.heap@ribblevalley.gov.uk.