

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 29 NOVEMBER 2021

1.1 Present: S Atkinson (Chair), A Brown, S Fletcher, J Hill, S Hirst, S Hore, D Peat, J Rogerson, Chief Executive, Director of Resources, Director of Economic Development and Planning, Head of Financial Services.

2 Apologies

2.1 Director of Community Services

3 Minutes of meeting held on 18 August 2021

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

4 Updated Budget Forecast 2022/23

4.1 The Director of Resources provided members with an update on the budget forecast. This gave an overview of the position in September as reported to Policy and Finance Committee and outlined some of the changes that had been seen since.

4.2 As at September the forecast showed an estimated budget gap of:

- 2022/23 - £82k
- 2023/24 - £139k
- 2024/25 - £231k

4.3 Issues around indications of increasing inflation, above that allowed for in the budgets forecast, were highlighted, together with the potential need to allow for further inflation for pay and prices.

4.4 The 1.25% increase to National Insurance costs for 2022/23 was mentioned. The increase for this council was estimated at £90k, but the government have said that public sector bodies will be compensated for this extra cost.

4.5 The pay review and a rescoring of refuse collection posts had seen increased pay costs. It had been agreed by Policy and Finance committee that the pay review would be funded from the Business Rates Growth Reserve, but that this would be reviewed once the outcome of the Draft Local Government Finance Settlement was known, after which funding on an ongoing sustainable basis would be identified.

4.6 The Council Tax Base had been updated and had seen an increase above that provided for in the September forecast.

4.7 The report went on to highlight the substantial number of growth items that had been put forward for inclusion in the revenue budget for 2022/23, and onwards. Furthermore, there were also a large number of capital bids, some of which had additional revenue impacts in future years.

4.8 Based on the details outlined, the budget gap for 2022/23 was forecast at £497k, this was before any growth items had been allowed for.

4.9 Members discussed the forecast, and some of the more substantial inflationary increases that had been seen in preparing the budget were highlighted, such as Diesel at 26.8%, Electricity at 38%, Gas at 55% and insurance at 10%.

4.10 Members considered and acknowledged the latest forecast.

5 Query Regarding Additional Restrictions Grant Scheme

5.1 A query was raised by the Director of Economic Development and Planning in respect of the new Additional Restrictions Grant Scheme.

5.2 Clarification was sought on instances where grant applicants had used leases with an option to buy, or hire purchase, to procure items. It was agreed that the scheme would not allow such items for grant support.

6 Any Other Business

6.1 There were no other items of business.

7 Date and Time of Next Meeting

7.1 No further meeting was arranged at this time.

MINUTES OF BUDGET WORKING GROUP MEETING

HELD 24 JANUARY 2022

Present: S Atkinson (Chair), A Brown, S Fletcher, S Hirst, S Hore, D Peat, J Rogerson, Chief Executive, Director of Resources, Director of Economic Development and Planning, Director of Community Services, Head of Financial Services.

1 Apologies

1.1 Cllr J Hill

2 Minutes of meeting held on 29 November 2022

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

3 Timescale and Work Required for Special Policy and Finance Committee and Budget Council

3.1 The Chief Executive described a number of conflicting work pressures, notably dealing with Omicron business grants and also the production of the revenue budget.

3.2 There were a number of elements of the revenue budget still to be finalised, notably around the completion of the NNDR1 return and the resulting business rates income for the revised estimate 2021/22 and the original estimate 2022/23.

3.3 Additionally there were multiple new tasks needing to be completed for the new Omicron grants, with heightened checks now being required by the Government before payments can be made. However, good progress was being made.

3.4 The budget process was currently looking to be approximately a month behind and this would impact on the ability to satisfy meeting deadlines for Special Policy and Finance Committee and consequently for Full Council.

3.5 Members discussed the position and it was agreed that steps would be taken to move both the Special Policy and Finance Committee and Full Council. Special Policy and Finance Committee was to be moved to 22 February 2022 and Full Council on the 8 March 2022.

4 Earmarked Reserves

4.1 Members were taken through a report on Earmarked Reserves, which broke down the balance as at 31 March 2021 between

- Those available for Capital purposes
- Those available for Revenue purposes
- Those that could be used for either Capital or Revenue
- Those that were specifically ringfenced or were due for repayment

4.2 The report raised a number of issues that would need to be addressed going forward, whilst answers were not needed at that meeting. Considering these issues would help guide what resources could be used to fund any new bids for a future capital programme, and how much could be used for the various revenue Growth Items.

- Are members happy with the categorisation of our reserves and in particular should any be preserved?
- How much of the available Earmarked Reserves do members want to set aside for future capital expenditure?
- How much of the Earmarked Reserves do members want to set aside for funding the future Revenue Budget?
- Do members want to make available for use the Business Rate Volatility Reserve?
- How much of these reserves do members want to set aside for Capital or Revenue?

4.3 Members discussed the position outlined in the report and it was agreed that there would need to be a future meeting set aside to address how the Earmarked Reserves should be used going forward

4.4 The report tied into the issues that were to be discussed in the following items

5 Core Spending Power and Transitional Grants

5.1 Details of the Provisional Government Grant Settlement were provided in a report, and this discussed the possible transition to any Local Government Fair Funding Review outcome system.

5.2 The report outlined that the council's spending power increase was 0.2% for 2022/23. This compared to an average increase of 6.9%. The reason for this was due to the method of distribution for the one-off services grant, the basis favouring deprived areas.

5.3 A number of scenarios for the transition to any new local government finance system were set out.

5.4 The impact of any review on the council's business rates growth was discussed, particularly around any baseline reset. The scale of any reset would dictate the impact for this council. There was also the added possibility that district shares of 40% may be reduced in future, and the removal of pooling.

6 Latest Budget Forecast – 5 Year Review

6.1 The latest budget forecast, covering five years, was provided to members. This included a suggested possible transition grant as referred to in the previous item. The various assumptions made in the forecast were outlined to members.

6.2 The forecast also highlighted the impact on Earmarked Reserves, showing the need to set aside £4.26m of earmarked reserves for revenue purposes, and still the need to identify savings in future years – most notably in years 4 and 5 (2025/26 and 2026/27).

6.3 Members reflected on the position and agreed that future growth items and capital bids would need to be frozen until more certainty was seen in respect on the council's government funding. It was agreed that with so much uncertainty, the council should not now be committing itself to large amounts of further spending, particularly recurring spending.

6.4 It was suggested that the focus should now be on setting the revenue budget for 2022/23 and that consideration of growth items and new capital bids should be frozen until summer. Members wanted the work of officers in drawing together the growth requests and capital bids to be recognised and for it to be made clear that this was a temporary pause in considering the same.

- 6.5 By using this 'pause position', Budget working Group would then be better able to focus on building a budget for the future, once there was more certainty around the council's funding.

7 Revised Capital Programme

- 7.1 The Head of Financial Services took members through a report on the Revised Capital Programme for 2021/22. This saw a large number of schemes being moved to the 2022/23 financial year, together with associated financing.
- 7.2 The proposed revised capital programme for 2021/22 was for £1,761,370 covering 23 schemes. Schemes totalling £1,736,890 were proposed to be moved to the 2022/23 financial year.
- 7.3 Members agreed with the proposals.

8 Summary 5 Year Capital Programme Position

- 8.1 A high level summary of the five year capital programme including proposed amendments to the existing capital programme and new bids that had been submitted, was provided.
- 8.2 Concerns around the external funding for the Castle Keep Repointing scheme were highlighted and a suggestion made that this could instead be financed from the business Rates Growth Earmarked Reserve if the scheme was needing to be progressed.
- 8.3 Following the earlier discussion under the item on the 'Latest Budget Forecast – 5 Year Review', it was agreed that all new bids would be held over until the summer.

9 Any Other Business

- 9.1 There were no other items of business.

10 Date and Time of Next Meeting

- 10.1 A next meeting was proposed of Wednesday 9 February 2.30pm, subject to availability