

Minutes of Policy and Finance

Meeting Date: Tuesday, 16 February 2021, starting at 6.30 pm
Present: Councillor S Atkinson (Chair)

Councillors:

| | |
|------------|------------|
| S Bibby | S Hirst |
| A Brown | S Hore |
| J Clark | A Knox |
| S Fletcher | D Peat |
| M French | J Rogerson |
| M Hindle | R Thompson |

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: Councillor R Sherras

Not in attendance: Councillor S Carefoot

990 APOLOGIES FOR ABSENCE

Apologies for absence from the meeting were received from Councillor J Hill.

991 DECLARATIONS OF PECUNIARY AND NON PECUNIARY INTERESTS

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

992 PUBLIC PARTICIPATION

There was no public participation.

993 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2021/22

The Director of Resources submitted a report for committee's information providing details of the Spending Review and the Local Government provisional finance settlement for 2021/22. 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 2021/22. The consultation period ended 16 January 2021 and it was expected the final settlement would be laid before the House of Commons in February.

The Spending Review announced on 25 November 2020 was for one year only, and provided a potential increase of 4.5% in council core spending power to support local services, specifically enabling social care authorities to increase their council tax bills by up to 5%.

The Government had stated it would provide over £3 billion in additional support to help local authorities with Covid-19 pressures.

The implementation of the Fair Funding Review had been delayed with no indication of when it would be revisited.

With regard to the rural services delivery grant the Government had announced that they would continue with and increase the level by £4m to £85m. For Ribble Valley this would mean we will receive £113,250.

The Director of Resources informed committee of the new £111m 'lower tier services' grant. Ribble Valley would receive £57,680.

She also reported that the Government would maintain the existing New Homes Bonus Scheme for a further year with no new legacy payments. Reforms would be consulted upon with a view to implementation in 2022/23. This would mean our in-year allocation for 2021/22 would increase from £490k to £637k. Our total provisional allocation for next year is £1.516m compared with £1.771m in 2020/21.

The Government was undertaking a fundamental review of the business rate system with a final report expected in Spring 2021. Local authorities would be compensated for the Government's decision to freeze the business rate multiplier in 2021/22. The Government was also considering options for further Covid-19 related support through business rate reliefs, and had also decided not to proceed with a reset of business rates baselines in 2021/22 but maintain the existing 100% business rates pilots for a further year.

Ribble Valley BC remained a member of the Lancashire Business Rate pool 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.

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 2% or £5 whichever was higher; this would not apply to parish or town councils.

The Final Local Government Finance Settlement for 2021/11 was announced on 4 February 2021. The figures for Ribble Valley remained the same except for a further £16 Lower Tier Services Grant taking the total to £57,696.

994

OVERALL REVISED CAPITAL PROGRAMME 2020/21

The Director of Resources submitted a report informing committee of the overall revised Capital Programme for 2020/21.

The original programme had been approved by Council in March 2020 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 2020/21 of £3,527,940 over 30 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 £1,925,000 for 27 schemes which was a reduction of £1,602,940 from the previously approved capital programme and a reduction of 3 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.

The Council relies heavily on the use of its earmarked reserves to fund the capital programme. In 2020/21 the estimated use of earmarked reserves would be £777,730. The balance of the funding comes from grants and contributions of £1,128,910 and borrowing of £8,260 and usable capital receipts of £10,100.

At the end of December 2020 £1,201,218 had been spent or committed on capital programme schemes. This equated to 62.4% of the full year proposed revised capital programme budget. 11 of the 27 schemes had been completed; 14 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.

RESOLVED THAT COMMITTEE:

Approved the overall revised capital programme for 2020/21.

995

FOUR YEAR CAPITAL PROGRAMME 2021/22 TO 2024/25

The Director of Resources submitted a report with details of the previously approved Capital programme schemes for 2021/22 to 2024/25 asking for member consideration of a number of adjustments.

This year it had previously been agreed by this committee that there were no new additional bids and the capital programme would go forward to Council on 2 March 2021 as a four-year capital programme as a result of pressures on resources due to the Covid pandemic.

Heads of Service had reviewed and updated the four-year capital programme, and each committee had considered and approved it for their own committee.

The adjustments and suggested movements of schemes to a different financial year were highlighted in the report.

The final four-year capital programme was summarised for committee to consider.

| Committee Expenditure | 2021/22 | 2022/23 | 2023/24 | 2024/25 | TOTAL |
|------------------------------------|------------------|------------------|------------------|----------------|------------------|
| Community Services Committee | 1,555,000 | 920,100 | 510,800 | 451,000 | 3,436,900 |
| Economic Development Committee | 66,750 | 0 | 0 | 0 | 66,750 |
| Health and Housing Committee | 639,640 | 397,000 | 509,600 | 397,000 | 1,943,240 |
| Planning and Development Committee | 26,420 | 0 | 0 | 0 | 26,420 |
| Policy and Finance Committee | 105,510 | 226,600 | 118,200 | 88,080 | 538,390 |
| TOTAL | 2,393,320 | 1,543,700 | 1,138,600 | 936,080 | 6,011,700 |

| Financing | 2021/22 | 2022/23 | 2023/24 | 2024/25 | TOTAL |
|--------------------------|----------------|----------------|----------------|----------------|-------------------|
| Disabled Facility Grants | -347,000 | -347,000 | -347,000 | -347,000 | -1,388,000 |

| Financing | 2021/22 | 2022/23 | 2023/24 | 2024/25 | TOTAL |
|---|-------------------|-------------------|-------------------|-----------------|-------------------|
| VAT Shelter Earmarked Reserve | -186,740 | -50,000 | -50,000 | | -286,740 |
| Capital Earmarked Reserve | -94,920 | | -401,982 | | -496,902 |
| New Homes Bonus Earmarked Reserve | -241,040 | -70,960 | -306,637 | | -618,637 |
| External Funding towards Castle Keep Repointing | | -222,240 | | | -222,240 |
| External Funding for Mardale Playing Field Changing Rooms | | | | -30,000 | -30,000 |
| ICT Renewals Earmarked Reserve | | -24,241 | | -63,400 | -87,641 |
| Vehicle Renewals Earmarked Reserve | | -37,500 | -13,530 | | -51,030 |
| Fleming VAT Earmarked Reserve | | -38,272 | -5,451 | | -43,723 |
| Refuse (Wheeled Bins) Earmarked Reserve | -13,000 | -13,000 | -14,000 | -15,000 | -55,000 |
| Business Rates Growth Earmarked Reserve | -37,600 | -474,387 | | -480,680 | -992,667 |
| Rural Services Delivery Grant Earmarked Reserve | -360 | | | | -360 |
| Usable Receipts Capital | -164,060 | -266,100 | | | -430,160 |
| Borrowing | -1,308,600 | | | | -1,308,600 |
| TOTAL | -2,393,320 | -1,543,700 | -1,138,600 | -936,080 | -6,011,700 |

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

*** RESOLVED THAT COMMITTEE:

Recommend to Council the Capital Programme for 2021/22 to 2024/25 as set out in the report.

996

OVERALL REVENUE BUDGET 2021/22

The Director of Resources submitted a report asking committee to approve the revised Revenue Budget for 2020/21 and to recommend a Revenue Budget and Council Tax Requirement for 2021/22 to Council on 2 March 2021.

She gave a brief overview of the current year's revised budget for 2020/21 highlighting the main reasons for net expenditure having increased by £44k.

The impact of Covid-19 had been considerable and to date £803,272 of unringfenced emergency funding had been received from the Government as well as Contain Outbreak Management Funding of £669k, Surge Enforcement Funding of £22k, New Burdens Funding for the administration of the business grant schemes prior to September 2020 of £189k. In total Covid funding of £1.75m had been received. The Director of Resources informed committee how this funding had been allocated over the Covid expenditure pressures. They had also launched an income support scheme to recognise the impact the pandemic has had on income from sales, fees and charges and introduced a co-payment scheme to compensate councils for relevant unforeseen losses that are irrecoverable. The Spending Review had confirmed that the Government would also compensate local authorities for 75% of irrecoverable losses in council tax and business rate income in respect of 2020/21.

The Chief Executive informed committee that impacts of additional work due to Covid-19 had mainly been covered by existing staff including the running of a lateral flow testing site in the council chamber.

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 £875,514 to fund the revenue budget and £60,880 to fund the capital programme. Based on the latest position we expect to receive £2.092m, use £100,200 to fund the capital programme, use £875,514 to fund the base revenue budget and use £32,220 of further revenue in year expenditure approved by the Emergency committee; therefore the revised difference of £1,083,776 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 2020 of 100% retail discount and the issuing of new regulations in December to enable the repayment of collection fund deficits arising in 2020/21 to be spread over the next three years rather than the usual period of a year.

The forecast transfers to and from earmarked reserves compared with the original estimate were highlighted, in particular the addition of £2.999m largely due to timing differences in receipt of section 31 grants paid to us from the Government for 100% business rate retail discount and that our share would need to be carried forward to offset the deficit to be repaid next year.

The overall position showed that instead of taking £142k from general fund balances at the end of the year, based on revised estimates it would be £186k from balances.

Looking forward to 2020/21, the Director of Resources briefly highlighted the key elements of the provisional grant settlement for 2021/22; rural services delivery grant; lower tier services grant; future years government funding and the reforms due to come on Fair Funding Review, Business Rate Retention 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 30th 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 £120,035 in extra revenue and in addition the increase in the tax base would generate a further £59,785.

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. Should reforms take place the balance of unused funds of £2.8m would cover the funding gap on the revenue budget for 2022/23 and 2023/24.

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 £1,455,212 of which £675,514 would be used to fund the revenue budget leaving a surplus of £779,698.

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.

The Director of Resources reported that the Collection Fund was likely to produce an overall deficit of £6,855,148 this year, that consisted of a surplus for council tax of £262,369 and a deficit for business rates of £7,117,517 mainly due to the awarding in year of £6.9m of retail discount. The council tax surplus would be shared amongst all the major precepting authorities with our share being £24,995 and the business rate deficit would be jointly borne between precepting authorities with our share being £2,725,770.

With regard to the revenue budget 2021/22 the Director of Resources outlined the provisional base position as agreed by service committees. Committee expenditure was set to fall by £14k for reasons outlined and reported to the service committees. Committee therefore needed to consider how to fund the balance of £5.985k after deducting the collection fund surplus and the business rates baseline funding level. She highlighted the capital adjustments, movement of other items, the pay award and continuing difficulties in recruitment and retention that may need to be addressed.

The Director of Resources reminded committee that the Budget Working Group had considered the Council's financial position 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 budget of £150,000 for potential further income losses due to the Covid pandemic to be funded from General Fund balances.
- That £1,105,000 of New Homes Bonus be used to fund the 2021/22 revenue budget.
- That £675,514 of business rate growth fund be used to support the 2021/22 revenue budget.
- That a £5 increase be made to the Band D council tax for 2021/22 to assist in bridging the funding gap generating an extra £120,035.
- That £250,000 be used from General Fund balances.
- That the remaining shortfall of £97,015 be met from the Business Rate Volatility Reserve.

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 2021/22 with expenditure of £5,637,073 which after use of balances would result in a net budget of £5,237,073. This would still leave £2.189m 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 2021/22 budget was agreed and highlighted the budget gap over the next 3 years. She pointed out that 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 revenue budget for 2020/21;
2. Approve the Budget Working Group's recommendations with the exception of the increase to Council Tax which should remain at £155.69 for a Band D property and the difference be funded from the Business Rate Growth Reserve, and set a budget and Council Tax requirement for 2021/22 as set out:

| BUDGET AND COUNCIL TAX REQUIREMENT | |
|---|------------------|
| | £ |
| RVBC Net Budget | 5,117,038 |
| Plus Parish Precepts (Annex 3) | 503,609 |
| | 5,620,647 |
| Less - Settlement Funding Assessment | -1,354,393 |
| Net Requirement Before Adjustments | 4,266,254 |
| Council Tax Surplus | -24,995 |
| Council Tax Requirement (Including Parishes) | 4,241,259 |

3. And recommend the Budget and Council Tax requirement to Council on 2 March 2021.

997 REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

998 EXCLUSION OF PRESS AND PUBLIC

There were no items under this section.

The meeting closed at 7.24 pm

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