

# MINUTES OF BUDGET WORKING GROUP MEETING

## HELD 28 SEPTEMBER 2020

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

### **1 Apologies**

1.1 None

### **2 Minutes of meeting held on 23 January 2020**

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

### **3 Covid Financial Information**

3.1 The Director of Resources presented a report which took members through the expenditure pressures that the Council had faced due to Covid-19 and also the losses on the Council's income.

3.2 The council had received 3 tranches of un-ringfenced government funding, totalling £703,272. It was explained that there were a number of government returns that were regularly needing to be completed.

3.3 The report included a table on the council's spend to date, based on the most recent government return, which showed that £671K of the £703K had been accounted for against service areas.

3.4 Next the report explained the government funding towards sales, fees and charges income losses. Under the scheme, the council must absorb the first 5% of all irrecoverable losses compared to the original budget, with the government compensating the council for 75 pence in every pound of loss thereafter.

3.5 There were 3 guiding principles within the scheme, the details of which were included in the report.

3.6 It was highlighted that the monthly returns also asked for details of losses on business rates and council tax over a number of categories. Latest information showed total collection fund losses of £1.98m over the reported categories (after business rates reliefs).

3.7 Members were informed that council tax payers and business rate payers were being contacted to encourage them to discuss any arrears and support that might be able to be provided.

3.8 Also discussed was the Council Tax Hardship Fund where any residents of working age and who have had their bill reduced by an award of Council Tax reduction, would be eligible for relief of at least £150 from the fund. The council had received funding of £222k but anticipated that total payments may be in the region of £250k.

3.9 Looking at business rates for 2021/22, the Director of Resources referred to the government's announcement that the fair funding review and the implementation of 75% Business Rates Retention would no longer be implemented in 2021/22.

3.10 Reflecting on this the Director of Resources referred to the Lancashire Business Rates Pool and the governments request for lead authorities to decide by 23 October whether the to confirm the continuation of pool arrangements in 2021/22 – or submit alternative arrangements.

3.11 There was a discussion around this and the difficulties in making this decision in light of the current climate and the high levels of uncertainty. Added to this was the concern around any reset of the baseline if this were to go ahead as previously indicated.

3.12 Following discussions, the Budget Working Group stated that they would be comfortable for the council to stay in the business rates pool, in the knowledge that the option to withdrawn remains if needed, should circumstance dictate.

#### **4 Business Grants Update**

4.1 The Director of Resources took members through a report on the Business support grants that were available and had been paid. These consisted of:

- Small Business Grant Fund: *businesses in receipt of Small Business Rates Relief (SBRR) or Rural Rate Relief (RRR) – grant of £10,000*
- Retail Hospitality and Leisure Grant: *businesses in receipt of the Expanded Retail Discount with a rateable value of less than £51,000 and trading on 11 March (with some exclusions) – grant of £10,000 or £25,000 dependent on rateable value*
- Discretionary Business Grant Scheme: *to target small businesses with high fixed property-related costs, but that are not eligible for the above two grant schemes. The government had asked for a number of business types to be prioritised and these were outlined in the report*

4.2 A detailed analysis of the three Discretionary Business Grant Scheme application rounds and the final stage grant allocation process was provided in the report to members, including an analysis of the funding received, allocated and remaining. The analysis included summaries of numbers of applications processed, outcome of the application process and grant awarded where applicable.

#### **5 Further Government Financial Support for Individuals and Businesses**

5.1 Members were informed of further financial support schemes that had been announced, namely:

- **Test and Trace Support Payments** – for residents who test positive for Coronavirus or are a named contact required to self-isolate
- **Local Restriction Support Grant** – to provide financial support to businesses required to close during local lockdowns

5.2 The Test and Trace Support Payments would provide grants of £500 to residents on low incomes, who test positive for Coronavirus, or are identified contacts of someone who has tested positive and are therefore required to self-isolate.

5.3 The Local Restrictions Support Grant was to provide support to businesses required to close during localised restrictions, to come in to effect from 9 September 2020. Guidance was not published until Friday 25 September 2020 by BEIS. The scheme would provide grants of £1,000 or £1,500 depending on Rateable Value to businesses required to close

5.4 It was understood that both of the above schemes would have a 5% discretionary element.

5.5 The Government had promised upfront funding for the schemes, but at the time of the meeting funding had yet to be received.

5.6 It was anticipated that the processing of the grants would be very resource intensive.

#### **6 Revenue Outturn 2019/20**

6.1 Members were taken through a report on the overall revenue outturn position. It was explained that the timeline for the closure of accounts had changed due to Covid-19 and also that full details of the outturn position in the process of being reported to service committees.

6.2 The final outturn was a deficit of £96,000 which had been taken from general fund balances. This compared to the forecast position at the revised estimate of taking £156,000.

- 6.3 Larger variances had particularly been seen around the substantial overspend on refuse collection vehicle maintenance and also around changes to the contributions to the Pilot Pool Resilience Reserve and to the Pilot Pool Strategic Economic Growth and Financial Sustainability Fund as a result of Covid-19.
- 6.4 There had also been an increase in the amount set aside to earmarked reserves, largely as a result of the Pilot Pool changes referred to.
- 6.5 Details were provided on the key variances, the individual earmarked reserves held and also the closing position on the collection fund.
- 6.6 Guidance was sought from the Budget Working Group as to the approach to be taken in the preparation of the Revised Estimate 2020/21 and the Original Estimate 2021/22 revenue budgets. The following was agreed:

<b>Budget Element</b>	<b>Recommended Approach</b>
<b>Expenditure (non Covid related)</b>	Inflationary increase to base budget
<b>Covid 19 Expenditure</b>	Unknown but budget on basis costs will be reimbursed by the Government
<b>Income (non Covid related)</b>	Inflationary increase to base budget
<b>Income – Impact of Covid</b>	Budget on basis any losses will be reimbursed by the Government. However, could be substantial even if pandemic ends and may not be reimbursed. Some income could be substantially impacted.
<b>Council Tax/Business Rates</b>	Difficult to assess the impact of pandemic particularly on businesses in the next financial year.  Collection fund deficits can be spread over 3 years.

## **7 Capital Outturn 2019/20**

- 7.1 A report was presented on the overall capital outturn for 2019/20.
- 7.2 During the year the council had spent £2.782m on capital schemes, which was 76% of the revised estimate.
- 7.3 There was slippage of £774,410 reported on 16 schemes and the reasons for this were detailed within the report.
- 7.4 Guidance was sought from the Budget Working Group as to the approach to be taken in the preparation of the forward capital programme. The following was agreed:
- Review the 2021/22 capital schemes already in the capital programme to confirm that costings are correct and that they will be able to be completed in that year.
  - Review the current year's (2020/21) capital schemes to identify whether any may need to be moved to the 2021/22 financial year.
  - No bidding process to be undertaken for new schemes and the capital programme to be capped at four years.

## **8 Clitheroe to Hellifield Railway Project**

- 8.1 The Director of Economic Development and Planning provided Budget Working Group with an update on the progress made on the Clitheroe to Hellifield Rail Project.

- 8.2 It was explained that an agenda item would be taken to Policy and Finance Committee outlining the need to seek an exemption to the Contract Procedure Rules. This was due to the proposal to award Capacity Analysis Work directly to Network Rail as they were best placed to undertake this work. By awarding in this way, it would remove the need for a verification stage through Network Rail if other consultants were to undertake this work instead.
- 8.3 It was also explained that there would be a funding gap for the project, funding of which would need to be discussed and approved through Policy and Finance Committee. There was potential for external funding.
- 8.4 These issues were outlined in a draft Policy and Finance Committee report, which was presented to Budget Working Group.
- 8.5 Members support progress to date and the proposed report to Policy and Finance Committee.

**9 Any Other Business**

There were no other items of business.

**10 Date of next meetings**

Suggested dates would be circulated to members should a meeting need to be arranged.