

**Minutes of the Meeting of the FINANCIAL POLICY PANEL
held on 2 February 2016**

PRESENT -

Councillor Neil Dallen (Chairman); Councillors Kate Chinn, Omer Kokou-Tchri, Jan Mason, Keith Partridge and Jean Steer

Absent: Councillor John Beckett and Councillor Clive Woodbridge

Officers present: Lee Duffy (Head of Financial Services) and Simon Young (Head of Legal and Democratic Services)

13 DECLARATIONS OF INTEREST

On arriving at the meeting at approximately 19:43, Councillor Omer Kokou-Tchri declared that section 106 of the Local Government Finance Act 1992 currently applied to him and that he would not therefore be voting on any question in relation to the Budget and Council Tax Report Presentation item.

14 MINUTES

It was noted that the minutes of the meeting of the Panel held on 1 December 2015 would be reported to a later meeting of the Panel.

15 BUDGET AND COUNCIL TAX REPORT PRESENTATION

The Panel received a report which provided an update on the preparation of the budget for 2016/17. The report sought any final guidance from the Panel prior to the preparation of the Budget and Council Tax report for the Council on 11 February 2016 and the Financial Plan for 2016-2020, including assumptions on New Homes Bonus.

It was noted that it had been agreed in September that no use would be made of working balances to fund services. The draft budget book therefore required no use of working balances in 2016/2017. The Council's budget target had included a 2% increase in council tax to strengthen the Council's income base going forward.

The Government grant settlement for 2016/17 of £1,717k, was £345k lower than expected and that had been included in the Financial Plan in September. The settlement was £578k less than 2015/16 which represented a 25% reduction.

At the same time as announcing next year's settlement, the Government had provided provisional settlement figures for a further 3 years. From the 4 year settlement it showed that the Government had front loaded the cuts in Revenue Support Grant, with Grant funding disappearing for this Council in 2017/18.

The funding settlement also introduced a new element called 'tariff adjustment'. The Council had been informed that this would work in effect as 'negative Grant' and would not form part of the baseline funding assessment or form part of the retained business rates calculation.

As a result using the provisional 4 year settlement figures, overall net funding in 2019/20 for the Council from Revenue Support Grant, Business Rates and Tariff Adjustment had been reduced by £732k compared to the Financial Plan agreed in September, representing a total reduction in funding of £1.5m since 2015/16.

New Homes Bonus grant was expected to increase by £158k for 2016/17 to £2,116k. It was proposed that £773k of this grant be used to finance general fund services, which was £273k more than previously proposed.

The Government had announced that New Homes Bonus would continue. However, it was likely to be subject to reform and this was likely to affect the level of funding received from 2017/18 onwards.

It was noted that since the production of the budget book additional employer national insurance contributions of £180k had been included as a result of changes to the state pension scheme. This additional cost was funded by the proposed increase in the use of New Homes Bonus.

The Panel made no recommendation to Council but requested that the budget report include four options for Council Tax (a freeze, an increase of 1.52%, an increase of 1.98% and an increase of £4.95 for a Band D property).

Councillor Omer Kokou-Tchri arrived whilst this matter was under consideration and made the declaration referred to above.

The meeting began at 7.30 pm and ended at 8.16 pm

COUNCILLOR NEIL DALLEN (CHAIRMAN)