

# **FINANCE PANEL (PANEL OF THE SCRUTINY COMMITTEE)**

**Thursday 7 December 2017**

**PANEL MEMBERS PRESENT:** Councillors Fry (Chair), Simmons and Taylor.

**BOARD MEMBER PRESENT:** Councillor Brown (Customer & Corporate Services)

**OFFICERS PRESENT:** Andrew Brown (Committee Services Manager), Nigel Kennedy (Head of Financial Services), Paul Wilding (Programme Manager Revenue & Benefits) and Angela Turner (Technical Officer, Treasury & VAT)

## **67. APOLOGIES**

No apologies were received.

The Panel decided to swap items 69 and 70 because Cllr Brown was running late.

## **68. DECLARATIONS OF INTEREST**

There were no declarations.

Cllr Fry mentioned that Lothbury were the owners of his company's business premises.

## **69. COUNCIL TAX REDUCTION SCHEME FOR 2019/20**

The Revenue and Benefits Programme Manager introduced this item, which the Panel had previously considered at the pre-consultation stage. He said that the Council was proposing to make 6 changes to the scheme and explained what these were. The Board Member for Customer and Corporate Services added that the scheme represented a major investment in the Council's Financial Inclusion Strategy but it was important to continue ensuring that the scheme was the best way of delivering support to the right people. There were costs to not providing this support.

The Board Member and the Panel noted that the number of consultation responses was somewhat low, which perhaps reflecting the relatively small proportion of the local population that benefitted from the scheme. Some key stakeholders had not responded to the consultation.

The Panel noted that there was no formal recording of the impacts of different schemes across the country but evidence suggested that where councils had introduced higher minimum charges, collection rates had dropped. The 'cost' of the scheme in terms of reduced Council Tax income was also borne by the County Council and Police and Crime Commissioner, who had raised no objections.

The Panel queried whether any work had been done on understanding the impacts of the overall package effect of the Council Tax Reduction Scheme (CTRS) together with other Council Tax reliefs. The Panel raised some concerns about suspended students falling through the net and heard that officers were doing some work in this area. The teams administering the CTRS scheme and other reliefs worked closely together and looked holistically at the circumstances of each case. Work was also taking place around checking single persons' discounts, of which 20,000 were currently awarded in the city, which seemed like a very high number.

The Panel supported the proposed changes to the CTRS, noting that the income banded approach would provide the Council with flexibility in the future while simplifying administration and contributing to efficiency savings.

## **70. TREASURY MANAGEMENT PERFORMANCE: ANNUAL REPORT AND PERFORMANCE 2017/18**

The Treasury and VAT Technical Officer introduced the report. She said that economic growth was down and that interest rates were poor, notwithstanding the recent rise in the base rate which had occurred outside of this reporting period. Overall the Council's investment income was on track. Property funds had recovered the value that was lost following the Brexit referendum (values were based on a valuation rather than a market price). The Council had undertaken no new market borrowing and was keeping the case for borrowing in advance of need under review.

The Panel questioned why the £5m real lettings investment referred to in paragraph 11 had been reclassified and heard that the biggest efficiency was from reduced spending on temporary accommodation, on the service side rather than the treasury side. The Panel noted that the Council had some borrowing headroom and was considering making additional investments in property funds.

The Panel considered the merits of investing in property funds verses real lettings at a time when asset prices were high. While the Panel note that the matched funding for the real lettings scheme is no longer available, the Panel expressed support for investments that contribute to improved housing outcomes in the city, as well as a financial return.

## **71. BUDGET MONITORING - QUARTER 2**

The Panel heard that there had been a £440k overachievement against income targets in Direct Services and an adverse variance of £300k in the Housing Revenue Account (HRA) related to the tower blocks. There had previously been one corporate red risk, around company governance, but this had been downgraded to an amber risk.

In discussion the Panel also noted:

- The additional income would be rolled into the budget in future years.
- Bad debt provision may need to be increased at year end.
- The profile of homelessness property investments was quite 'lumpy'.

- Performance against the leisure usage target was concerning and the Scrutiny Committee had asked to monitor Fusion Lifestyle's performance during the year, not just at year end.
- The Council and its companies had separate auditors and there had been no takers when a single provider had been sought.

## **72. BUDGET REVIEW 2018/19 - SUGGESTED SCOPE**

The Panel agreed the scope of the review, noting that the meetings were scheduled for 4, 8 & 9 January, not 8, 9 & 11 as stated in the paperwork.

## **73. WORK PLAN**

Noted.

## **74. DATES OF FUTURE MEETINGS**

Noted.

**The meeting started at 6.00 pm and ended at 7.10 pm**