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OVERVIEW AND SCRUTINY COMMISSION - FINANCIAL MONITORING TASK GROUP

29 OCTOBER 2013

(19.00 - 21.30)

PRESENT

Councillors Peter Southgate (in the Chair), Iain Dysart, Suzanne Grocott, Diane Neil Mills and Dennis Pearce

Caroline Holland (Director of Corporate Services), Paul Dale (Interim Assistant Director of Resources), David Keppler (Head of Revenues and Benefits) and Julia Regan (Head of Democracy Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies received. Members noted that Councillor Samantha George is no longer a member of this task group.

2 LOCAL COUNCIL TAX BENEFIT SCHEME (Agenda Item 2)

Task group members asked a number of questions in order to understand the impact of the move to a local council tax support scheme in April 2013:

- David Keppler, Head of Revenues and Benefits, said that there had been an increase in the level of net collectable council tax debt and that this was partly due to the scheme changes and partly due to the increase in the number of households in the borough which had increased the overall amount of council tax owed. He drew attention to the table at paragraph 2.38 and undertook to provide more detail. ACTION: Head of Revenues and Benefits
- The two complaints about the removal of certain discounts and exemptions from the council tax support scheme have been treated as policy complaints and will be included in the Annual Complaints report to the Council's Standards Committee
- David Keppler will provide detail on the numbers affected by the discount and exemption changes. ACTION: Head of Revenues and Benefits
- David Keppler will provide an estimate of the financial impact on the average benefit recipient if the council did not apply the uprating to the scheme in line with the uprating to State pensions and benefits – cost to the council of £30,000 (paragraph 2.28). ACTION: Head of Revenues and Benefits

Caroline Holland, Director of Corporate Services, undertook to provide information to explain the figures in paragraphs 2.5 and 2.7 regarding the reduced level of government funding to the Council and the Greater London Authority. ACTION: Director of Corporate Services

David Keppler provided additional information in response to questions about discounts and exemptions:

- 22,000 households received the 25% single person discount (rate set by government). The total value of this is £7.7m
- The largest category of council tax exemption is for households solely composed of students

David Keppler drew attention to the information on changes that neighbouring boroughs had made to their schemes. He has subsequently been informed that the collection rates for Croydon have decreased significantly and those for Sutton have fallen slightly. He undertook to report back on the reasons for this once he has more information. ACTION: Head of Revenues and Benefits

David Keppler said that around 50% of his staff's time was spent on chasing payment. The task group discussed the cost of collecting small amounts of debt. David Keppler added that, in some circumstances, the Council can obtain a Liability Order and apply to the Department of Work and pensions for payment from a person's benefits. However, the maximum that can be deducted is £3.50 so the council is unlikely to recoup all its costs.

Task group members expressed differing views on the trade-off between the principle and practicalities of all households making some council tax payment as well as the potential of making changes that might demotivate some households.

The task group discussed the list of potential changes set out in Appendix 1 and noted that the last option on page 12 and all options on page 13 would result in "everyone paying something", except for pensioners as they have been exempted by the government. Pensioners represent 30% of households in receipt of council tax support.

A task group member suggested that costs should be based on Bands D and E rather than F and G as these rates apply to a greater number of households in receipt of council tax support. ACTION: David Keppler undertook to provide costings based on Band D, in addition to those provided for Bands F and G.

David Keppler explained that consultation on a scheme for 2015/16 would need to start in Spring 2014 so a decision on the proposals within the consultation would need to be made by then. The task group noted that if a significantly different scheme were to be adopted then this would incur large IT and other management costs.

The task group RESOLVED:

- To note recommendations A-D
- To refrain from providing a steer on how it would like to see more detailed proposals progressed as this would need to be a political decision and as such is therefore not appropriate for a scrutiny body
- To report back to the Overview and Scrutiny Commission via the minutes of this meeting plus the provision by the Head of Revenues and Benefits of the additional information that has been requested by the Task Group

3 BUSINESS PLAN 2014-18 (Agenda Item 3)

The Chair said that this report would be presented to the November meetings of the Overview and Scrutiny Commission and the three Panels. He advised the task group to focus comments on the corporate services aspects of the capital programme and as well as considering progress made against the 2013/14 corporate services savings (set out in the financial monitoring report on this agenda). The Director of Corporate Services added that some alternative and new savings would be taken to Cabinet in December and subsequently to the scrutiny meetings in January.

Medium Term Financial Strategy

Caroline Holland, Director of Corporate Services, and Paul Dale, Assistant Director of Resources, provided additional information in response to questions:

- The departmental savings targets for 2015/16 onwards (paragraph 2.3) are based on weighted controllable expenditure. Weightings are 0.5 for Children, Schools and Families, 0.75 for Community and Housing, 1.5 for Environment and Regeneration, 1.5 for Corporate Services
- The Minimum Revenue Provision (MRP) will be taken into the reserves and used to pay external debt when it becomes due for payment (Paragraph 2.5.1). ACTION: Director of Corporate Services to provide the assumed interest rates for asset life of 5 and 50 years

Table 2.6.1

- Inflation assumptions for pay are 1% in 2014/15 and 2015/16, 1.5% in 2016/17 and 2017/18
- Price inflation assumption is around 1.5% overall, higher for some specific areas such as energy process
- Additional fees and charges assumed 1.5% growth
- Growth item refers to the adult social care growth that has been approved previously
- Other corporate items includes the pension fund additional contributions, level of contingency, items relating to disaster recovery, payments for precepts and levies and other adjustments (more detail in September report to Cabinet)
- Collection Fund items for 2014/15 are for the write back of the council tax bad debt provision and increase in collection rate. This will be subsumed into base budget in future.

Capital programme

A task group member said that it would be helpful to have a short description of each of the items in the capital programme. In response to questions, Caroline Holland and Paul Dale provided further detail on some of the items in the corporate services capital programme:

- The Acquisitions Budget for 2013/14 has been used for the purchase of a piece of land by the High Path Estate
- The Capital Bidding Fund is used to provide match funding should any suitable schemes funded by the Greater London Authority or English National Heritage become available

- Where there are zero items at present, these may change. Also, monies that aren't used may be moved to future years or removed from the capital programme.
- The Document Management and Customer Contact Programme items are estimated figures at present. Tender documents were sent out last week setting out an ideal "to be" system and asked bidders to come back with proposed solutions. The task group RECOMMENDED that councillors' needs are taken into account in any document management solution. ACTION: Director of Corporate Services to consult with councillors – Councillor Diane Neil Mills volunteered to take part.
- Asbestos safety works item for 2016/17 relates to corporate buildings. The task group suggested that the appointment of an asbestos compliance officer (item KSR45/CG03 in the risk register – page 89 of the agenda) be brought forward
- The IT Strategy-unallocated item relates to monies set aside for the implementation of the strategy that have not yet been used – may be spent, carried forward or removed from capital programme
- Paul Dale undertook to find out why the Invest to save items have zero predicted spend in 2015/16 ACTION: Assistant Director of Resources

Another member said that the capital programme overall was still quite large compared to spend in previous years. Caroline Holland and Paul Dale said that they were working with officers to predict likely spend more accurately and that the programme from 2014/15 onwards is closer to actual spend than previously. The task group agreed that it would be helpful to have a breakdown of 2013/14 spend to date on individual capital projects.

In response to a comment about the level of capital spend on maintenance of the borough's roads, Caroline Holland said that recent road condition surveys had shown sustained improvement in both major and minor roads.

The Task Group AGREED that it would be useful for each of the Overview and Scrutiny Panels to examine the capital programme within their remit.

4 FINANCIAL MONITORING REPORT - QUARTER 2 (Agenda Item 4)

The task group examined progress made on the 2013/14 corporate services savings. Caroline Holland said that the position on the shared bailiff service was unlikely to change in 2013/14 but options are being explored to increase the number of cases in future and to make it easier to find people who haven't paid (for example through automatic number plate recognition software, a joint piece of work with the Police).

In response to a question about the rationale behind vacant posts, Caroline Holland said that the reasons for this varied and that each vacant post was kept under review.

Paul Dale undertook to provide a breakdown of the Transfer Payments (page 41) to explain the variation between the current budget and the full year forecast.

Councillor Grocott had a number of questions on reserves and cash flow that she said she would raise separately with the Director.